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# **Daily Report—**

# **China**

FBIS-CHI-89-074  
Wednesday  
19 April 1989

# Daily Report

## China

FBIS-CHI-89-074

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19 April 1989

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## General

### IMF Director Lauds PRC Debt Policies

OW1804142889 Beijing XINHUA in English  
1349 GMT 18 Apr 89

[Text] Beijing, April 18 (XINHUA)—China, with its reliable solvency and prudence in handling foreign debt, will not become a problem debtor nation, Michel Camdessus, managing director of the International Monetary Fund (IMF), said here today.

China is "very responsible" about foreign debts, and its leaders understand the danger of over-indebtedness, Camdessus said at a press conference.

The amount of China's foreign debt is "still low, in view of China's size," he said, "although the growth in the nation's foreign debt was a little bit too rapid last year."

Camdessus pointed to a potential risk that has emerged with the "proliferation of entities at provincial level that have the right to borrow abroad."

With the size of the country, he said, unchecked locally-based foreign loans might lead to "a great foreign debt," despite the prudence of the central government.

Therefore, he expressed appreciation for the measures taken by the Chinese Government to strengthen the management of foreign debts.

China was not listed as one of the "problem debtor countries" by IMF, because of its prudence in handling foreign debts and its reliable solvency, Camdessus said. He added: "I am not concerned about one day finding China on the list."

Of China's inflation, Camdessus said that two options face the nation: to return to the old, highly centralized economic system or to apply indirect macro-control instruments, such as monetary and budgetary policies.

He noted that the Chinese leaders are attaching importance to exercising indirect means of macro-control, saying "It is very wise, although the system has yet to be perfected."

He said it is necessary at present to complement indirect macro-control with direct administrative means. However, such temporary direct control should be reduced as early as possible.

He commented: "I believe that this is also the objective of the Chinese Government."

He agreed with China's monetary policy of retrenchment, saying that "without a reduction of money supply, it is impossible to bring down inflation."

Camdessus, describing himself as "deeply impressed" by the Chinese leaders' commitment to continuing reforms, said: "The pursuit and success of China's reforms are not only essential to China, but they mean a lot to the rest of the world as well."

He promised that his institution will continue to help China's reforms in financing and technology.

### Finance Minister Welcomes World Bank Official

OW1704121489 Beijing XINHUA in English  
1106 GMT 17 Apr 89

[Text] Beijing April 17 (XINHUA)—Wang Bingqian, state councillor and minister of finance, met and gave a dinner for K. Zuakage, vice-president in charge of co-financing of the World Bank, and his party in the Great Hall of the People here this evening.

The visitors arrived here Sunday at the invitation of Wang Bingqian. They will hold discussions with Chinese counterparts on possibilities of co-financing in China.

### Tian Jiyun Meets

OW1804115689 Beijing XINHUA in English  
1100 GMT 18 Apr 89

[Text] Beijing, April 18 (XINHUA)—Chinese Vice-Premier Tian Jiyun met K. Zuakage, vice-president in charge of co-financing of the World Bank, and his party here this afternoon.

### Third World Development Symposium Opens

OW1804131389 Beijing XINHUA in English  
1216 GMT 18 Apr 89

[Text] Beijing, April 18 (XINHUA)—More than 100 officials and specialists from Asia, Africa and Latin America began a four-day symposium here today to discuss development strategies for Third World countries.

The strategies will cover foreign debts, rural development, population, employment, planning, marketing, technology, science, natural resources and environmental protection.

Chinese Vice-Premier Wu Xueqian attended the opening ceremony and welcomed delegates from Argentina, India, Italy, Kuwait, Pakistan, the Philippines, Singapore, Turkey and other countries and international organizations.

Li Yimang, president of the Chinese Association for International Understanding, said: "The development of the Third World countries has become one of the most serious matters facing our planet."

"With the exception of a few newly industrialized nations," he said, "the conditions of most Third World countries are very worrying. The developing countries make up four-fifths of the world population, but the overwhelming majority of these people still live in poverty and backwardness."

Li, who is also a member of the Standing Committee of the Central Advisory Commission of the Chinese Communist Party, said: "The development of the Third World countries by no means concerns the Third World alone, but impinges on the development of the whole world and all mankind."

Without the general development of the Third World countries, he said, the global economy cannot grow and the peace and stability of the world cannot be maintained.

He said that the Third World countries should solve the problems of development through their own efforts. "The vital need is to study and formulate a development strategy suitable to national conditions."

"China belongs to the Third World and is ready to join hands with other Third World countries to strive for the establishment of a new, fair and rational international economic order."

Ma Hong, secretary general of the State Council's Research Center for the Development of the Economy, Technology and Society, described China's current strategy in economic development.

He said: "In today's world, the trend is for countries to join economic development groups and to create economic development zones."

Although China does not belong to any group, he said, China will follow the international trend and open itself to all parts of the world.

Gao Shangquan, vice-minister of the State Commission for Restructuring the Economy, briefed the delegates on China's current economic reform.

He said that, despite difficulties, especially inflation, China will not suspend the reform and will not go back to its former rigid economic system.

He added that China will also push forward other economic reforms—in planning, finance, taxation, materials and foreign trade.

Samuel Oluyemi Falae, secretary to the Federal Military Government of Nigeria, said Nigeria has developed with various difficulties, especially debts of 2 billion dollars. Thus, the government is adjusting the economic structure and encouraging businesses to increase exports.

Andres Bianchi, assistant executive secretary of the United Nations Economic Commission for Latin America, described Latin America's economic crisis in the 1980s and the development strategy set for the 1990s.

He appealed to Latin American countries to revive economic growth, curb inflation and increase exports to pay foreign debts.

"The problem of debts," he said, "can be solved only by the lending and borrowing countries. The Governments of Japan, France and the United States say they understand the situation."

Cengiz Isragil, adviser to the prime minister of Turkey, said about 40 state economic enterprises can be considered candidates for privatization under the Turkish Government's privatization program.

He said these enterprises represent roughly 40 percent of industrial production and 60 percent of fixed investment in Turkey.

**Envoy to UN Urges New World Information Order**  
*OW1904003689 Beijing XINHUA in English*  
*2359 GMT 18 Apr 89*

[Text] United Nations, April 18 (XINHUA)—China today called for closer cooperation between the developed and developing countries in establishing a new world information and communication order based on sovereign equality of all nations.

Addressing the UN Committee on Information, which began a 10-day session last Thursday, Chinese representative Yuan Shabin stressed the urgency and importance of setting such an order, which is "naturally justified and beneficial" to both developed and developing countries.

He told the committee, which is composed of more than 70 UN member states, that the need to establish the order is "urgent and essential" because of the obvious imbalances in infrastructure and circulation of information, and a wide gap between the developed and developing countries.

Such a situation is not in the interests of development of the international community in general and of the developing countries in particular, he said.

He added that the developed countries will also suffer the consequences of insufficient correct information.

A new world information order will be able to "enhance a wider and better balanced dissemination of information" in all nations and to "ensure the diversity of sources of information," he said.

This will promote the genuine participation by the peoples of all countries in political, economic, social, cultural, and other fields, and strengthen mutual understanding among them.

The Chinese representative particularly pointed out that in establishing such an order, the sovereign equality of all nations must be respected, given the fact that each country has its own social values as well as cultural traditions.

According to UN sources, the United States has opposed such a principle over the past years, on the grounds that any country's social values or cultural traditions should give way to free dissemination of and access to information.

Yuan said that in order to reach a consensus on the establishment of a new world information order, which is the main theme of the current session, all countries in the consultation should demonstrate patience and a realistic attitude, and try to seek common ground.

"It is our belief that so long as we can accommodate and understand each other and take into account the overall interest of the international community, such a prospect will not be an improbability," he said.

Over the past few years, a number of sessions of the UN Committee on Information have failed to work out an agreement on the establishment of such a new information order because of differences among the member states.

## United States & Canada

### Commentary on Bush-Congress Budget Agreement HK1904042189 Beijing RENMIN RIBAO in Chinese 16 Apr 89 p 3

[("Commentary" by staff reporter Zhang Qixin (1728 0796 2500): "Initial Analysis on Budget Agreement Reached Between the Bush Administration and Congress"]

[Text] Washington, 14 Apr—On 14 April President Bush, along with Congressional leaders, announced, in the Rose Garden of the White House, an agreement reached between the administration and Congress on reducing the budget deficit. According to the agreement, the budget deficit in fiscal year 1990 (from 1 October 1989 to 30 September 1990) will be reduced by \$28 billion, so that the budget deficit for the fiscal year will drop to \$99.4 billion, lower than the deficit ceiling of \$100 billion set in the Gramm-Rudman budget law.

Since the Bush administration submitted its budget plan to Congress on 9 February, the administration and Congress have reached agreement on the budget in a short time. This is the result of concessions made by both parties, a rare example in recent United States history. Both George Bush and Congressional leaders expressed

their congratulations, holding that this is a good beginning, displaying the spirit of cooperation between the two parties on the budget issue.

The huge budget deficit has been a big, knotty problem for the United States in the 1980's. The administration and Congress have had an endless debate every year on where to set about reducing the budget deficit. After President Bush took office, in his State of the Union speech to Congress, he said he hoped to sit down with Congress for serious talks on the budget issue. In the past month, consultations have been held day and night, with Treasury Secretary Nicholas Brady and Budget Director Richard Darman on the one side and the relevant Congressional committees on the other. They eventually reached agreement on the night of 13 April. The total income set in the agreement is the same as that in the Bush budget plan, and the total deficit arising from receipts and expenditures has been reduced. It also stipulates that, of the reduction in the deficit, which will amount to \$28 billion, half will be made up of increased financial revenues and the other half will be made up of reduced expenditure.

The increased revenues portion will be raised through various measures, such as readjusting taxation methods, imposing use tax and federal service tax, and selling federal assets, while the reduced expenditure portion will be achieved by reducing military expenditure and some domestic projects, such as public health expenditure and agricultural subsidies. To increase revenue and reduce expenditure, the administration and Congress have made concessions on several controversial issues in varying degrees. For example, the military budget originally set out by Bush was \$300.6 billion, which, after allowing for inflationary factors, would remain at the 1989 level. Now it has been further reduced to \$299.2 billion. On the other hand, however, Congress has agreed to reduce expenditure on other domestic projects, but the total expenditure is slightly higher than that set out by Bush. On taxation, the administration has agreed to readjust some taxation methods and Congress has made allowances for Bush's stand on "not raising taxes." However, it has rejected the President's demand to reduce tax rates on capital gains. We can see that on the budget issue both the present U.S. Administration and Congress probably want to change the previous deadlocked situation and that they do not want to spend too much energy and time on this issue, on which they eventually have to reach a compromise.

However, the problems left over from the present agreement are still numerous. For example, the agreement has only laid down the general objectives for receipts and expenditure, without setting out the methods for solving many specific issues in the implementation of the agreement. Therefore, it can be predicted that the administration and the relevant Congressional committees will still have to spend a lot of energy working out specific plans, of which the most difficult is how to increase revenues without violating the President's promise of "not raising

taxes." Second, the agreement is limited to the budget issue, without providing answers to socioeconomic policies. Therefore, although the budget for fiscal year 1990 has deficit reduction as a target, we do not see how the problem, which has puzzled the United States for a long time, can be resolved. U.S. newspapers also point out that the Gramm-Rudman law only controls the annual budget deficit plan, regardless of the actual deficit at the end of the year. As a result, since the law came into force, the actual deficit every year has been higher than the budget plan. Whether or not the fiscal year 1990 budget plan will follow the beaten track is a question of concern to people.

**Li Peng Meets With Outgoing U.S. Ambassador**  
*OW1904102689 Beijing XINHUA in English  
0939 GMT 19 Apr 89*

[Text] Beijing, April 19 (XINHUA)—Chinese Premier Li Peng met here this afternoon with the outgoing U.S. ambassador to China, Winston Lord.

Lord came here for his post in September 1985.

**Soviet Union**

**Site Being Sought for Sino-Soviet Power Plant**  
*HK1904010989 Hong Kong HONGKONG STANDARD  
in English 19 Apr 89 p 7*

[Text] Experts from China and the Soviet Union are cooperating in a search for sites to build a hydro-electric plant on the Heilongjiang River on the eastern Sino-Soviet border.

The two sides have held negotiations in Heihe, a Chinese border town facing Blagoveshchensk on the other side of the river, an official in Beijing told the HONGKONG STANDARD.

The project will be the biggest-ever joint venture between the two countries. The estimated cost of 2 billion yuan (HK\$4 billion) will be shared equally by Moscow and Beijing.

The plant is designed to have a capacity of between 200 and 300 megawatts—bigger than China's Daya Bay 180-megawatt nuclear plant near Hong Kong.

Mr He Yonglin, executive director of administration for the Heihe area, said feasibility studies had already been made.

"Now we need to choose a site," said Mr He, who expected three would tentatively be chosen for the first phase of the project.

Mr He, who has been working in the Heihe area for 30 years, said the city was originally listed as an optional location for the site.

Heihe is the seat of the local government of Heihe area, as is Blagoveshchensk of Russia's Amur province.

However, the Soviet team found that building a dam there could submerge a vast area of usable land and that option was dropped, said Mr He.

"We will both benefit from the project as we both need electricity for economic development."

"Water containment will help prevent flooding, which is a common occurrence especially on the Soviet side of the Heilongjiang," he said.

"We first wanted to build on the lower side because that's nearer to big cities which need electricity badly. But the Soviets favoured the upper side for better flood prevention."

"Most probably, we'll build one dam on the upper stream and the other on the lower one," he said.

The official added that border trade at Heihe had improved considerably since September 1987. It had stopped for 21 years during the Cultural Revolution and the aftermath.

The city was opened as one of a few "ports for state exchanges of goods" in 1985.

The first items of trade included the supply by China of 208 tons of watermelons in exchange for 350 tons of Soviet fertilizer.

Heihe also exports labourers to the Soviet Union. There are already 500 Chinese workers on the Soviet side, mainly in the construction and timber industries.

"Another 800 people will cross the border from our side this summer," Mr He said.

During the hostile 1970s, the Heihe area was classified as a military frontier—an outpost guarding against Soviet invasion—after the two sides clashed at Zhenbao Island at the River Ussuri in 1969.

Between 1969 and 1973, the local government moved from Heihe to an inner area.

The situation changed after a visit by former Communist Party General Secretary Hu Yaobang, who recognised the need for a port in the north.

19 April 1989

**Soviet Transport Delegation Visits Fujian**  
*OW1804130789 Fuzhou FUJIAN RIBAO in Chinese  
 4 Apr 89 p 1*

[By reporter Wu Xiaokuei]

[Text] A Soviet Government transport delegation and a group of experts, a total of 14 people, led by Bevzenko, vice chairman of the State Planning Committee of the USSR, arrived in Fuzhou yesterday for a 4-day friendly visit. Vice Governor Shi Xingmou met with and hosted a banquet in honor of the Soviet guests at the Fuzhou Xihu Restaurant last evening.

Shi Xingmou briefed the guests on the achievements made by our province in the 10 years of reform and open policy in the fields of industry, agriculture, communications and transport, and the problems facing it now. He hoped that the two sides will step up contacts and exchanges in their experiences in reforms. Delegation leader Bevzenko praised the development of light industry in Fujian. He said: The purpose of our reform is to improve the material and cultural life of the people. China is moving a step ahead of us in this area and its experience is worthy of being learned by us.

The delegation will continue its visit in Fuzhou, Quanzhou, and Xiamen.

**XINHUA 'Roundup' Views Tbilisi Situation**  
*OW1904105789 Beijing XINHUA in English  
 0709 GMT 18 Apr 89*

[“Roundup: From Confrontation to Dialogue in Tbilisi (by Wang Xianju)”—XINHUA headline]

[Text] Moscow, April 18 (XINHUA)—Georgia's Tbilisi has seen a process from confrontation to dialogue as an eight-day curfew was lifted today.

Students have returned to their classrooms; workers have gone back to their factories; buses are running regularly, shops are open and all services of vital importance are functioning normally—the situation there on the whole has returned to normal at a somewhat surprising speed.

But when the nationalist riots started on April 9 in front of Tbilisi's government building, there was a terrible scene with 20 people killed and more than 200 injured during the clashes between government troops and demonstrators. Curfew was imposed to avoid further bloodshed.

In handling the incident, the Soviet leaders have shown their wisdom to call on the people there to restrain while criticizing local leaders of mishandling the case.

Shortly after the tragedy occurred on April 9, the Kremlin sent Soviet Communist Party Politburo member and Foreign Minister Eduard Shevardnadze to Georgia to

help resolve the problem. Shevardnadze, who had worked as the Georgian leader for 13 years before coming to Moscow in 1985, enjoys prestige in Georgia.

Soviet leader Mikhail Gorbachev on April 12 appealed to the Georgian people to show prudence and strong sense of responsibility and to protect the country's perestroika (restructuring), its common socialist values, brotherhood and unity. The call won support from the Georgian party and the people.

The Georgian Party Central Committee criticized former republican leaders' decision to send troops to disperse thousands of demonstrators on April 9 which caused innocent blood.

As a result, former Georgian party leader Dzhumber Patiashvili and government head Zurab Chkheidze resigned. The republic's President Otar Cherkeziya also offered his resignation which is expected to be accepted at the next session of the republic's parliament.

Shevardnadze attributed the rioting to inefficiency of the southern republic's party leadership, saying it lacked the ability to keep balance of different interests groups, and noted that party officials should make frequent contacts with dissidents to learn their minds.

Shevardnadze and newly-appointed Georgian party leader Givi Gumbaridze met with scientists, cultural workers, ordinary citizens and leaders of unofficial organizations to discuss the situation in the city. Dialogue has thus replaced confrontation.

While lifting the curfew in Tbilisi, the Georgian leadership has decided to set public order maintenance offices in the city and all over the republic. Special patrol routes have been defined.

The Georgian leadership and people have learnt that their unity is the key to overcoming the republic's difficulties, including the most troublesome problem.

**Afghan Rebels Accused of Violating Accords**  
*OW1504021289 Beijing XINHUA in English  
 1244 GMT 14 Apr 89*

[Text] Moscow, April 14 (XINHUA)—The Soviet Communist Party daily "PRAVDA" published an article on Friday marking the first anniversary of the Geneva accords on Afghanistan, accusing the Afghan rebels and their patrons of not meeting their commitments.

The paper said that the Soviet Union has strictly fulfilled the commitments it signed in the accords by withdrawing its troops from Afghanistan, but that the war is continuing and even intensifying.

"This is to a large extent the policy pursued by their (Afghan rebels') patrons, first and foremost Pakistan and the United States, who are continuing their interference in Afghan's internal affairs."

"It is certain that there would be no further bloodshed in the country now if all the signatories of the Geneva accords met their commitments signed in the agreement," the paper said.

The fact that the United States and their NATO allies hope the rebels win a military victory shows that they lack a realistic attitude towards settling the Afghan issue, the paper said.

It added that the government in Kabul is powerful enough to survive.

"The idea that there is no real alternative to a political settlement in Afghanistan is not an empty phrase but a reasonable necessity based on the current situation in the country," PRAVDA said. "Let us hope a constructive approach will prevail in fulfilling the commitments signed in the Geneva accords."

### Northeast Asia

**DPRK Postpones Talks Due to Pastor's Arrest**  
*OW1804222789 Beijing XINHUA in English 0620 GMT  
18 Apr 89*

[Text] Pyongyang, April 17 (XINHUA)—The Democratic People's Republic of Korea (DPRK) today called for a postponement of the third round of preliminary talks on the proposed high-level political and military meeting between the two sides of Korea, the KOREAN CENTRAL NEWS AGENCY reported.

Paek Nam-jun, head of the DPRK delegation, said in a telephone message sent to Song Han-ho, chief South Korean delegate, that the third round of vice-ministerial level talks have to be postponed from April 26 until July 12 because South Korea has arrested the Reverend Mun Ik-hwan. Paek said that Mun's arrest has deteriorated the relations between the North and South.

Paek added that Reverend Mun Ik-hwan paid a visit to Pyongyang recently at the invitation of the DPRK and his arrest showed that the South Korean authorities still take the North side as an "anti-state organization." Under such circumstances, it is impossible to make any progress in talks between the two sides.

Reverend Mun Ik-hwan visited Pyongyang for ten days beginning March 25. During his stay, DPRK President Kim Il-song spoke with him about the reunification of the fatherland.

According to the KOREAN CENTRAL NEWS AGENCY, Kim Hyong-jin, head of the DPRK delegation to the North-South sports talks, today also sent a telephone

message to Chang Chung-sik, chief delegate of South Korea, in which he said that under the current unfavorable atmosphere, talks on participating in the 11th Asian Games as a single team cannot be held, therefore the date of the third round of talks should be postponed from April 18 to July 18.

**PRC Spokesman Views Arrest**  
*OW1804102289 Beijing XINHUA in English 0935 GMT  
19 Apr 89*

[Text] Beijing, April 19 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that the arrest of priest Mun Ik-hwan by the South Korean authorities is obviously not conducive to the dialogue between the north and south of Korea.

In response to a question requesting comments on the April 13 arrest of Mun Ik-hwan, the spokesman said "In our view, since the north and south of Korea have already started their dialogue, the arrest of priest Mun Ik-hwan by the South Korean authorities on account of his visit to North Korea is obviously not conducive to the dialogue between the two sides and their personnel exchange."

China is opposed to any action that is detrimental to the easing of the situation on the Korean peninsula, he said.

Mun Ik-hwan went on a visit to the north of Korea to discuss the question of peaceful reunification of Korea, he said. To unite the country by peaceful means is the common aspiration of the people living in both the north and south of Korea.

**Qian Qichen Denies Mediating for Japan, DPRK**  
*OW1804150089 Tokyo KYODO in English 1433 GMT  
18 Apr 89*

[Text] Beijing, April 18 KYODO—Foreign Minister Qian Qichen on Tuesday denied Japanese reports that China is ready to play a role in improving relations between Japan and North Korea.

Qian made the denial in a meeting with Miichiro Kato, chairman of Japan's CHUNICHI SHIMBUN newspaper. Kato later told reporters.

Japanese reports have said Chinese Premier Li Peng made the statement while he was in Japan on a five-day visit last week. Qian accompanied Li to Japan.

Qian was quoted as telling Kato that there were some errors in the Japanese reports and that efforts to improve bilateral relations should be made by Japan and North Korea alone.

He said the premier praised Japanese recent initiatives to improve relations with Pyongyang but said China is not in a position to coordinate relations between the two countries.

Qian said, however, that China is ready to assist Japan in its efforts to improve ties with North Korea.

**Beijing Benefits From Ties With Tokyo**  
*OW1804140589 Beijing XINHUA in English 1333 GMT  
18 Apr 89*

[Text] Beijing, April 18 (XINHUA)—Beijing has benefited from the economic, cultural, educational, city planning and other relationships that have emerged since the metropolis first established a sister-city relationship with Tokyo, Japan, ten years ago.

As a result of the relationship, Beijing has installed a million water-saving leather washers on taps, which can save five percent of the amount of water normally consumed.

At the same time, members of a water conservation delegation to Japan have developed water-tank fittings which can save 80 percent more water than the ordinary water tanks used in China.

The achievement is important to Beijing, as water is badly needed in the city.

In addition, a fire prevention group which went to Japan suggested more attention should be paid to the training of Chinese firemen after they returned to China. Soon after that, Beijing set up its first fire prevention school and established the country's first fire prevention department in Beijing's Police College.

In the past few years, 5,000 Japanese young people visited Beijing, which promoted the friendship between Chinese and Japanese people.

**Sino-Japanese Urban Traffic Seminar Held**  
*OW1804135989 Beijing XINHUA in English  
1206 GMT 18 Apr 89*

[Text] Beijing, April 18 (XINHUA)—A Sino-Japanese seminar focusing on urban traffic problems was held here Monday.

Addressing the Chinese and Japanese city planners and transportation and communications experts who attended the seminar, Beijing Mayor Chen Xitong said he hoped the Chinese experts could learn from their Japanese counterparts' experience in order to contribute to Beijing's transport and communications management—which he described as "a thorny problem".

Shunichi Suzuki, governor of Metropolitan Tokyo, outlined his ideas on resolving urban traffic problems and orientation in 21st-century urban construction in general and Tokyo's transportation system in particular.

Qian Laihe, deputy director of Beijing City Planning and Designing Research Institute, said that Beijing needs to speed up its construction of new roads, subways and trams in addition to improving its existing public transportation network.

He also suggested the subway absorb half of the city's public transportation load, reducing the number of bicycles.

A Japanese professor suggested that Beijing consider the locations of residential areas and working places in its future reorganization of public transport.

By the end of 1988 Beijing had a population of 10 million and a "floating" (or itinerant) population of 1.3 million.

In addition, the city has 430,000 vehicles and 7.3 million bicycles.

**Near East & South Asia**

**Diplomatic Ties With Bahrain Established**  
*OW1804101489 Beijing XINHUA in English 0942 GMT  
18 Apr 89*

[Text] Beijing, April 18 (XINHUA)—Diplomatic relations at the ambassadorial level are established as of 18 April, 1989, between the People's Republic Of China and the State of Bahrain.

A joint communique issued today said the diplomatic relations are established on the principles of peaceful co-existence, equality and non-interference in each other's internal affairs.

Both China and Bahrain hope that the diplomatic relations will strengthen and develop the friendly cooperation between the two countries, and maintain the common benefits based on mutual respect for state sovereignty and territorial integrity for people in both countries, the communique said.

Chinese Minister of Foreign Affairs Qian Qichen today extended his congratulations in a message to Bahrain Foreign Minister Muhammad ibn Mubarak Al Khalifah, saying that the establishment of diplomatic relations "entirely accords with the fundamental interests and aspirations of our two peoples and marks a new stage in the history of the friendly relations and cooperation between our two countries."

He expressed his belief that "the Sino-Bahrain relations based on the five principles of peaceful co-existence and friendship between our two peoples will surely grow in strength and develop further."

Bahrain, a country consisting of about 35 islands in the Gulf, has a population of 427,000 (1985) in an area of 662 square kilometers, with Manama as its capital.

**Sichuan Institute Signs Export Accord With Iran**  
*OW1904062689 Beijing XINHUA in English 0112 GMT  
19 Apr 89*

[Text] Chengdu, April 19 (XINHUA)—The Southwest Physics Institute, located in this capital of southwest China's Sichuan Province, signed an agreement recently with Iran to export a set of ion beam implantation equipment valued at 210,000 U.S. dollars to the latter within 15 months.

According to the agreement, the institute will also train Iranian technicians to use the equipment.

Ion implantation technology can be widely applied in industries. For instance, it can be used to enhance the hardness and durability of metals.

China started to study ion implantation technology at the beginning of the 1980s, and the first ion implantation machine was developed by the institute.

**Pakistani Film Week Opens in Beijing**  
*OW1804115089 Beijing XINHUA in English 1410 GMT  
17 Apr 89*

[Text] Beijing, April 17 (XINHUA)—A week of Pakistani films opened here today with a love story, "The Mirror".

The other two films scheduled to be shown during the week are "The Man Who Is Unknown" and "It Also Happens". All three films will be shown later in Yinchuan, the capital of the Ningxia Hui (Moslem) Autonomous Region, and Urumqi, capital of the Xinjiang Uygur Autonomous Region.

This is the second Pakistani film week China has held since the first one in 1985.

Bao Tongzhi, deputy director of the Film Bureau of the Ministry of Radio, Film and Television, and Pakistani Ambassador to China Akram Zaki, noted in their speeches at the opening ceremony that Sino-Pakistani film exchanges will further strengthen and enhance understanding and friendship between the two countries and the two peoples.

Zaki disclosed that the Pakistani National Film Development Corporation is arranging a Chinese film week later this year.

**Sub-Saharan Africa**

**Rwandan Supreme Court Head Arrives for Visit**  
*OW18041140389 Beijing XINHUA in English 1335 GMT  
18 Apr 89*

[Text] Beijing, April 18 (XINHUA)—President Ren Jianxin of China's Supreme People's Court met and feted President Joseph Kavaruganda of Rwandan Supreme Court here this evening in the Great Hall of the People.

Kavaruganda arrived here yesterday as a guest of the Chinese Supreme People's Court and is scheduled to visit Nanjing, Shanghai and Hangzhou.

During the meeting, both Ren and Kavaruganda expressed hope for further enhancing friendship and exchanges between bilateral judicial departments in a bid to promote existing friendly relations between the two countries.

**Meets With Peng Chong**  
*OW1904143389 Beijing XINHUA in English 0952 GMT  
19 Apr 89*

[Text] Beijing, April 19 (XINHUA)—Vice-Chairman Peng Chong of the Chinese National People's Congress Standing Committee met President Joseph Kavaruganda of Rwandan Supreme Court here today in the Great Hall of the People.

Kavaruganda is here as a guest of China's Supreme People's Court.

**Construction Contracts Signed With Ghana**  
*OW1604094789 Beijing XINHUA in English 0110 GMT  
15 Apr 89*

[Text] Accra, April 14 (XINHUA)—The China State Construction Engineering Corporation and the Ghanaian Government signed two construction contracts here today.

The two projects are building of the Kwame Nkrumah Memorial Park and the construction of public stands on the Independence Square.

The two projects, both in Accra, are estimated to cost 876 million cedis (about 3 million U.S. dollars).

The China State Construction Engineering Corporation has already completed two projects since its establishment in Ghana in September, 1987. They were the expansion of the dyeing and printing workshop of the Ghana Textiles Manufacturing Company and the renovation of the head office of the 31st December Women's Movement.

**West Europe**

**Trade Relationship With EEC Expands**  
*HK1804114189 Beijing CEI Database in English  
18 Apr 89*

[Text] Beijing (CEI)—Latest statistics from Chinese Government sources indicate that trade between China and the European Economic Community (EEC) has reached 2.8 billion U.S. dollars this year.

China's export to EEC was 990 million dollars and import 1.82 billion dollars, representing increases of 4 percent and 12 percent respectively over the same period of 1988.

According to the Chinese Ministry of Foreign Economic Relations and Trade, in an effort to strengthen its position as a trade partner with China the EEC has planned to push bilateral trade to 20 billion dollars this year, from 12 billion dollars registered last year.

The EEC established official relations with China in 1975, followed by the European Coal and Steel Community, the European Atomic Energy Community and other organizations under the EEC. Its trade with China last year saw a quadruple increase over that of 10 years ago, making it the biggest trade partner of China next to Hong Kong and Japan.

Recently, the EEC is adding technical transfer, joint venture, cooperative production and other forms of economic and trade cooperation to its traditional business relations with China.

The Sino-EEC cooperation in scientific and technical fields has seen a rapid growth since 1980. Of China's technological import agreements, nearly half of them were signed with the EEC.

**Shandong Orders FRG Telephone Equipment**

*HK1804113389 Beijing CEI Database in English*  
*18 Apr 89*

[Text] Jinan (CEI)—Shandong Province has recently signed agreements with the Siemens Corporation and the Standard Electric Lorentz Corporation of Federal Germany for the procurement of telecommunications equipment.

Under the province's recent projects, program-controlled telephone switchboards will be installed in Weihai, Yantai, Taian, Jinan, Zaozhuang, Linyi and Weifang; and two microwave lines will be built between Yantai, Weihai, Mouping, Penglai and Longkou.

The projects will add 56,000 regional telephone lines, 2,970 long distance lines, 70 kilometers of optical lines and 832 km of microwave lines to the province's existing system. They are expected to be put into operation in 1991.

**East Europe**

**TV Joint Venture With CSSR Successful**

*HK1304141589 Beijing CEI Database in English*  
*13 Apr 89*

[Text] Shenyang (CEI)—Two color T.V. kinescope glass shaping machines, six meters in height and 60 tons in weight, were successfully trial-produced here recently by Shenyang Sino-Czech friendship factory.

The instrument has been listed as one of the state key projects during the seventh five-year plan (1986-1990). The machine, designed by an American glass company, was put into trial production by the factory in June, 1988.

It can shape color T.V. kinescopes from 35 to 68 centimeters. The annual kinescope output of the factory is expected to reach 15 million.

**State Councillor Meets GDR Delegation**

*OW1404050589 Beijing XINHUA in English*  
*1155 GMT 13 Apr 89*

[Text] Beijing, April 13 (XINHUA)—Zou Jiahua, Chinese state councillor and minister of machine-building and electronics industry, met here today a delegation from the Ministry for General Machine, Agricultural and Automotive Engineering of the German Democratic Republic.

The delegation, headed by Minister Gerhard Tautenhahn, arrived in Beijing this morning to exchange with the Chinese departments concerned on furthering bilateral economic and technical cooperation.

## Political & Social

### Hu Yaobang's Death Sparks Further Reactions

#### Tiananmen Square Activities

HK1904012089 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1444 GMT 18 Apr 89

[Report: "A Brief Report on the Situation in Tiananmen Square"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 18 Apr (ZHONGGUO TONGXUN SHE)—Nearly 300 university students have been staging a sit-in in front of the East Gate of the Great Hall of the People since before dawn.

At about 0430 summer time this morning, these students hung a piece of white cloth, 7 by 2 meters, on the monument. Three big characters were written on it meaning "China's spirit."

A student leading the sit-in warned his companions against indiscriminately shouting slogans, saying aloud: "Those indiscriminately shouting slogans are traitors [xue ze 1331 6329]."

At around 1330, one of the spectators in the square presented the sit-in students with ice-lollies and the students began accepting donations from the spectators. While accepting the money, a student counted up the amount: 88 yuan 40 cents, 97 yuan 80 cents. A reporter from TIYU BAO [Sports Daily] donated 10 yuan. In a short span of several minutes, a student said they had already got over 100 yuan. Meanwhile, some spectators threw bread to the students and two ladies, who looked like female attendants of a cold drink kiosk, brought two cases of soft drink.

The first wreath to appear in Tiananmen Square in the afternoon arrived at 1440. The wreath was inscribed with the words "With deep condolences from all league members of the State Administration of Commodity Prices." This is reportedly the first wreath sent by a state organ.

At 1505, three wreaths from Qinghua University appeared under the monument. They were presented by the student union, postgraduate student union, and all party and league members of the school. By organizing themselves into a human ladder, several students managed to place two of the wreaths on the pedestal of the monument, which is over 3 meters high, and about 1,000 spectators applauded. Later, Qinghua University students carried another wreath toward the West Gate of the Great Hall of the People, with many followers trailing behind.

Small-character posters mourning Hu Yaobang were put under the monument, and a group of people were copying them.

At 1610, students from the department of economics of the Beijing Institute of Economics held high a banner of the department to enter the square. There was a black horizontal scroll under the department flag. The following anti-theft couplet written in black on a piece of white paper was put on the right side of the scroll: "In his glorious life known to all, he was able to wield both the pen and the gun; he was always ready to work at the top or the grass roots for the sake of the nation without any complaint." On the reverse side of the scroll, another couplet written in black on a piece of green paper was put up: "In his whole life, he was clean and honest and respected as a forerunner of democracy." Students walked around the monument to shout the slogan: "Reform is bound to win, and Yaobang never dies."

Bringing with them a large wreath, students of the Central Institute of Nationalities arrived in the square at 1625.

Some 20 minutes after that, holding high a banner, students of the Institute of Economics joined the students who were staging a sit-in in front of the Great Hall of the People.

Up to 1800 summer time, students who were staging a sit-in had not dispersed. There were still many onlookers in the square, and more than 20 wreaths were laid under the monument.

Today, the number of armed policemen in Tiananmen Square markedly increased. But they only maintained order without interfering in the activities of students staging a sit-in, or sending wreaths.

According to people here, before the memorial meeting of Hu Yaobang presided over by the CPC authorities is held, the political coloring of the students' mourning activities will get increasingly strong.

#### Students Gather Again

HK1904040089 Hong Kong AFP in English  
0358 GMT 19 Apr 89

[Text] Beijing, April 19 (AFP)—Some 3,000 students gathered again Wednesday in Beijing's Tiananmen Square, only a few hours after police chased them away from the city centre.

No police were visible as the students arrived in procession from their colleges and universities on the outskirts of the capital.

Earlier some 2,000 police had dispersed thousands of students after some tried to force their way into the complex near Tiananmen Square housing the Communist Party headquarters, government buildings and the homes of Chinese leaders.

**Further Student Gatherings**

HK1904101889 Hong Kong AFP in English 0954 GMT  
19 Apr 89

[By Patrick Lescot]

[Text] Beijing, April 19 (AFP)—Some 3,500 students gathered in Tiananmen Square Wednesday in a third straight day of protests, hours after police dispersed an early morning sit-in outside government buildings nearby, witnesses said.

Some 500 students from the Central Academy of Art hoisted a huge mourning portrait of former Communist Party chief Hu Yaobang, who died Saturday, onto the Monument to the People's Heroes in the square, watched by thousands of onlookers.

Their noon-time gesture to commemorate Mr Hu who died Saturday came just hours after 2,000 police broke up an early-morning sit-in outside Zhongnanhai, the compound nearby that houses Communist Party and government headquarters in central Beijing.

Students have repeatedly gathered near the monument in Tiananmen Square in the past three days, defying a ban on public gatherings to express support for the reformist Mr Hu, disgraced and forced to step down as communist party general secretary in January 1987 in the wake of widespread student protests.

They have called for more democracy and a reappraisal of Mr Hu's career.

Some 3,000 people were already surrounding the tall monument to the People's Heroes in Tiananmen Square Wednesday when the 500 art students arrived with a huge mourning portrait of Mr Hu.

They hoisted the black-and-white likeness of the reformist politician onto the 36-meter (118-foot) obelisk, directly opposite the color portrait of Mao Zedong that hangs over the entrance to the Forbidden City.

The students pressed through the teeming crowd with their 2.5-meter-high (seven-foot) portrait, witnesses said, but there was no significant police presence.

The Monument to the People's Heroes, finished in 1958, stands in the center of Tiananmen Square. It commemorates Chinese revolutionary heroes dating back to the Taiping Rebellion in the 19th century.

Since Monday the monument has been the scene of student defiance to the Chinese authorities, sparked by the death of Mr Hu following a heart attack.

The current unrest appeared to have touched virtually all campuses in Beijing, with the movement centered on Beijing University, the nation's most prestigious college.

Elsewhere, special security measures were put into effect in the central city of Wuhan, according to one of many Western and East European diplomats who have been closely monitoring developments.

Messages of solidarity from Tianjin, the major port city east of Beijing, were also read out loud to the crowd in Tiananmen Square, witnesses said.

Before dawn Wednesday, some 2,000 police broke up a protest by thousands of students after some tried to force their way into Zhongnanhai.

They had gone to the Communist Party headquarters with wreaths for Mr Hu, demanding talks with Premier Li Peng and other leaders.

One Western diplomat described the student unrest as spontaneous, although an East European analyst noted that Mr Hu had been hospitalized for a week prior to his death after he suffered a heart attack during a Politburo meeting.

Most observers agreed, however, that spontaneous or not, growing student unrest would threaten the cohesion of the Chinese leadership.

Speakers in Tiananmen Square on Wednesday openly questioned the notion of collective responsibility in Mr Li's government. The premier last month had made a strong self-criticism of its mistakes during last month's National People's Congress.

There were also indications that the young protesters were equally unimpressed by Mr Hu's successor as Communist Party general secretary, Zhao Ziyang.

The students' complaints of red tape, corruption and lack of democracy match those of many Chinese, along with concern over rising prices, observers said.

In one diatribe against corruption, a speaker Wednesday asked: "Who is willing to give up their cars, nice flats and privileges in a socialist country?" "Nobody," his audience shouted back.

**More Students Gather**

HK1904094089 Hong Kong HSIN WAN PAO  
in Chinese 19 Apr 89 p 1

[“Special Dispatch” from Beijing: “Beijing Students Again Gathered at the Monument to the People's Heroes this Afternoon To Lay Wreaths and Elegiac Coupletts”]

[Text] Beijing, 19 Apr—Following the student demonstrations and sit-in yesterday evening and early this morning, students from several Beijing universities continued to hold memorial activities in Tiananmen Square later this morning.

At 1100, students from the Beijing Teachers' University and the Beijing Polytechnic College marched hand in hand toward the square, holding elegiac couplets, school flags, and national flags. To the sound of funeral music, they entered Tiananmen Square from the north side of the Great Hall of the People and then held memorial ceremonies in front of the Monument to the People's Heroes. They laid their elegiac couplets and wreaths at the monument.

This morning, some students and other people gathered around the monument but did not carry out any activities and no sit-ins were organized in Tiananmen Square, in front of Zhongnanhai's Xinhua Gate, or outside the Great Hall of the People.

#### Latest Events Reported

HK1904051889 Hong Kong AFP in English  
0513 GMT 19 Apr

[Text] Beijing, April 19 (AFP)—Some 3,000 students gathered again Wednesday in Beijing's Tiananmen Square, only a few hours after police chased them away from the city centre.

No police were visible as the students arrived in procession from their colleges and universities on the outskirts of the capital.

Earlier some 2,000 police had dispersed thousands of students after some tried to force their way into the complex near Tiananmen Square housing the Communist Party headquarters, government buildings and the homes of Chinese leaders.

Among the regrouped students were 500 from the Institute of Fine Arts who marched arm-in-arm down the road before marching into the square with a portrait of Hu Yaobang, the reformist former head of the Communist Party who was ousted in January 1987 and died Saturday.

Their arrival triggered a surge in the crowd of students and among thousands of curious bystanders in the biggest public square in the world.

The Fine Arts procession was greeted by other students already assembled at the foot of the Monument to the People's Heroes.

Police did not attempt to break up the gathering.

A student manifesto read to the crowd in the square Tuesday demanded "a reversal of the verdict" on Mr Hu, open disclosure of the bank accounts of Communist Party leaders and their families, publication in the official press of the current demonstrations, increased funds for education and a meeting with authorities on preparations for Saturday's funeral.

Chinese students regarded Mr Hu as a champion of intellectuals and reform. His downfall had been preceded by huge demonstrations demanding greater political democracy and freedom of expression.

#### Students Demand End to Dictatorship

HK1904045089 Hong Kong Commercial Radio  
in English 0430 GMT 19 Apr 89

[Text] Thousands of protesting students in Beijing have stepped up their demand for greater political freedom, and this time they are also calling for an end to dictatorship. They converged again on Tiananmen Square in the heart of the capital in protests timed with the mourning for former Communist Party leader Hu Yaobang, who died last Saturday.

Earlier, hundreds of police broke up a peaceful rally at the heavily guarded main entrance of the government headquarters, where the marchers unsuccessfully tried to hold talks with leaders.

In Shanghai, where similar demonstrations have taken place, the authorities have warned that memorial ceremonies should be under the control of sponsoring organizations.

#### Students Present Demands

HK1904032189 Hong Kong WEN WEI PO in Chinese  
19 Apr 89 p 1

[Report by WEN WEI PO reporters group from Beijing: "Students Gather at Tiananmen Square, Put Forward Seven-point Demand"]

[Excerpt] Beijing, 19 Apr—[passage omitted] Yesterday afternoon, students gathered again at Tiananmen Square between the Monument to the People's Heroes and the Great Hall of the People, delivering speeches. They put forward a seven-point demand: 1) Reassess Hu Yaobang's merits and demerits and affirm the viewpoints of democracy, freedom, magnanimity, and harmony; 2) openly clarify the nature of the movements against "spiritual pollution" and "liberalization" and redress the cases in which people were treated unjustly in the "anti-spiritual pollution" and "anti-liberalization" movements; 3) leaders and their children should make public their annual salaries and all other incomes, and clearly state their position against embezzlement and corruption; 4) lift the ban on the press and allow freedom of the press and publication; 5) increase education funds and the remuneration of intellectuals; 6) rescind the 10-point regulation of the Beijing Municipal People's Congress on demonstrations; and 7) the relevant departments should respond immediately to the students' demand, and the newspapers should issue fair and timely reports on the current incident.

Some 200 students expressed their opinions before the Great Hall of the People. There were around 300 to 400 bystanders and no riots took place. [passage omitted]

**NPC Accept Students' Letters**  
**HK1904020489 Hong Kong ZHONGGUO TONGXUN**  
**SHE in Chinese 1445 GMT 18 Apr 89**

[Report by Correspondent Li Xiaozhun (2621 1321 6150); "Beijing NPC Deputies Accept Letters of Suggestions Submitted by the Students of Beijing University and People's University of China"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 18 Apr (ZHONGGUO TONGXUN SHEN)—At about 2000, the Beijing Municipal CPC Committee sent NPC Delegates Chen Xiping, Liu Yandong, and Song Shixiong to accept the petitions of about 800 students from Beijing University and People's University of China in Tiananmen Square, situated in front of the Great Hall of the People.

After accepting the petitions from the representatives of the students from Beijing University and People's University of China at the main entrance of the Great Hall of the People, the three NPC delegates again and again waved greetings to the crowd. The students of the two universities staged a sit-in, beginning last night, and the on-lookers around them cheered loudly, and then they immediately and calmly left Tiananmen Square and returned to their schools.

When interviewed on the spot by this reporter, a third-year student of the Economics Department of Beijing University who was one of the organizers of the students who staged a spontaneous sit-in said: The Beijing authorities have finally complied with our request and sent their representatives to accept our seven-point proposals. However, they have not yet made any concrete replies to the contents of the petitions and just said that they would deliver the petitions to their superiors for handling.

The student who was of Hunan origin said: The main purpose of our current sit-in is to voice our aspirations to mourn for Hu Yaobang and to demand that the authorities handle some problems carefully and skillfully. They hoped that the authorities would make a fair appraisal of Hu Yaobang, and also an objective and fair appraisal of the activities carried out by students who are now mourning Hu Yaobang. The seven-point proposals demand that officials at all levels of the CPC authorities declare their incomes and personal belongings, and suggested that Tiananmen Square be renamed the People's Square.

**Students Besiege Party Seat**  
**HK1904000189 Hong Kong SOUTH CHINA**  
**MORNING POST in English 19 Apr 89 pp 1, 11**

[By Seth Faison in Beijing and Willy Wo-lap Lam]

[Text] About 5,000 Beijing students late last night tried to force their way into Zhongnanhai, headquarters of the Chinese Communist Party and home of the country's most senior leaders, but were repulsed by a human wall of troops.

The students, calling for democratic freedoms and demanding to speak to Prime Minister Li Peng, surged against the gates of the heavily-guarded exclusive compound, witnesses said.

A large crowd of onlookers cheered them on as they clashed with soldiers in scenes never witnessed in 40 years of communist rule.

The students threw shoes, hats and other debris at the soldiers and repeatedly charged their lines.

The confrontation came on the fourth day of mounting unrest following the death of former Communist Party chief Hu Yaobang.

Witnesses said scuffles broke out with the People's Armed Police guarding the gates but the protest settled into a tense standoff between students and authorities shortly before midnight.

More than 30,000 students and spectators early this morning were still occupying Tiananmen Square in support of seven demands for political reform and the rehabilitation of Mr Hu's reputation.

Student leaders vowed to remain in the square until senior government officials respond to their demands.

At 8 pm the Beijing Municipal Party Committee authorised three members of the national People's Congress (NPC) to accept a petition from 800 students from Beijing University and People's University.

The NPC members, Mr Chen Xiping, Miss Liu Yandong and Mr Song Shixiong, received the petition, telling the students it would be passed on to "superior Government departments".

The students, however, remained in the square, apparently dissatisfied that the three were only low-ranking officials.

Asked how long they were prepared to stay in the square, one 21-year-old history student said: "Generally speaking, political problems in China take a long time to resolve."

The students' demands on the People's National Congress include freedom of the press, making public the financial accounts of China's leaders, more funds for education, full explanation of the reasons for Mr Hu's dismissal, the clearing of his name and lifting restrictions on street demonstrations in Beijing.

In spontaneous speeches, students called for a full range of political change, including one suggestion that the entire Government voluntarily resign, which was greeted by wild applause.

Watching them were hundreds of People's Armed Police, although they made no move to interfere.

However, Chinese authorities have taken steps to contain the students' activities, so far confined to campuses in Beijing, Shanghai and Tianjin.

The protests have reached the proportions of those in December 1986, which led to the dismissal of Mr Hu and a crackdown on "bourgeois liberalisation", a phrase usually referring to Western influences.

According to Chinese sources, a "high-level" meeting, probably that of the Politburo, was called in party headquarters early yesterday to work out ways to handle the situation.

Beijing has laid down the legitimate channels through which Mr Hu should be mourned and honoured.

On Monday night, the Shanghai municipality put out a notice asking that "memorial activities be conducted under leadership and in an orderly manner".

The notice further noted that activities should be held within the confines of individual government and social units.

In Beijing, students have not concealed their deep political discontent with the current regime.

"Down with Deng Xiaoping! Down with Yang Shangkun!" yelled some students, referring to China's senior leader and president. Students from Beijing University had marched to Tiananmen before dawn yesterday.

Although it was difficult to accurately gauge the total number of students from the number of onlookers, students appeared to make up about one-third of the crowd, or around 2,500 people.

They packed the limited terrace space on the Monument to Revolutionary Heroes, in the center of the square, where wreaths to Mr Hu were laid and where big character posters, photographs and poems were placed.

"Openly evaluate Hu Yaobang's achievements" demanded one poster carried from the nationalities institute.

"openly reveal the real circumstances of Hu Yaobang's resignation," demanded another.

One student was reportedly apprehended by police for climbing on the monument, but others also climbed up—to the delight of the crowd—to hoist a growing collection of wreaths and banners.

About a hundred students staged an all-day sit-in directly in front of the Great Hall of the People.

The students sat in an ever-widening circle beneath the shadow of the imposing Great Hall of the People, containers of boiled drinking water and cartons of Chinese cigarettes on hand in preparation for a long wait.

A group from Qinghua University marched up the steps of the Great Hall of the People, the seat of China's parliament, in a bold move to deliver a wreath and a political message demanding democracy and freedom to the people in charge of country.

But while the flower wreath made it into the hall, the students did not and were forced to join Beijing University students in the sit-in.

Throughout the day, watchful police made no attempt to interfere, and the crowd swept freely around the monument across the grand square to envelop each arriving group of marchers.

Several students said they felt they had tacit support from their university officials as long as the ostensible aim of their activity was to commemorate Mr Hu.

One student pointed out that Qinghua University's Deputy Party Secretary He Meiyin had herself led the group that carried Qinghua's wreath to the Great Hall of the People.

In Shanghai, following a protest by 1,500 people on Monday night, police warned that any demonstrations that were not strictly limited to mourning Mr Hu would be prohibited, witnesses said.

China's official media yesterday avoided reporting on Monday's demonstrations, although some newspapers carried photographs of the gathered crowds and described them in captions as mourning Mr Hu.

Apart from short notes on condolences received from around the world, China Youth News—the official organ of the Communist Youth League that Mr Hu headed for 13 years—was the only Chinese-language paper that carried a story on the deceased leader.

Guarded references to the large number of mourners were made in the article.

Chinese sources say that security personnel have taken precautions to prevent the spread of demonstrations, which occurred in 159 campuses in late 1986.

Orders have been given to individual universities to watch out for "infiltration" by students from out of town or from other institutions.

Extra security officers have been placed in railway stations in a bid to stop student demonstrators from different cities forming a "national front".

Telegrams and other forms of communication among various colleges are closely monitored by security personnel.

Specialists in "thought and political work" have also been dispatched to talk to known leaders of demonstrations as well as other student activities.

The students' unions of different universities, which are affiliated to the Communist Youth League, have been asked to keep a close watch on student firebrands.

"The important question now is whether Mr Deng Xiaoping will opt for tough tactics," said a Western diplomat.

Analysts say that Mr Deng has been angered by yet another show of defiance by students and has reportedly taken umbrage specially at a few big-character posters mentioning him and Prime Minister Li by name.

However, a conciliatory gesture will take place at the memorial service for Mr Hu to be held in Saturday.

"Authorities will likely heap praise on Mr Hu, the 'great revolutionary hero,'" said a political source in the capital.

#### Attempted Storming of Zhongnanhai

HK1904012589 Beijing XINHUA Hong Kong Service  
in Chinese 0040 GMT 19 Apr 89

[*"A Few People Storm Zhongnanhai Under the Pretext of Mourning Hu Yaobang"—XINHUA Headline*]

[Text] Beijing, 19 Apr (XINHUA)—During the period when the masses in Beijing are deeply mourning the death of Hu Yaobang last Saturday, nearly 1,000 Beijing students and other persons gathered outside the Xinhua Gate at the entrance to Zhongnanhai, the location of the CPC Central Committee offices, from yesterday evening to early this morning. Some of them stormed the gate several times and threw bottles and shoes at the guards there.

According to informed sources, the right cheek of one of the guards was cut by a bottle thrown at him.

Yesterday, several thousand of the masses in Beijing came to Tiananmen Square to lay wreaths at the Monument to the People's Heroes, to mourn Hu Yaobang.

At 2250, nearly 1,000 students and other persons swarmed along Changan Street to the Xinhua Gate.

At 0020, incited by a few people, some persons carrying three wreaths started to storm the gate. The guards at the entrance formed a human wall to block them. Later, some people made three storming attempts, all of which were blocked by the guards. During this time, some people were throwing bottles and shoes at the guards, and one guard was cut on the face.

At 0420, a notice from the Beijing Municipal Government was broadcast at the spot. The statement said that the action of the masses in mourning Hu Yaobang showed how they warmly loved him and cherished his memory. The present action of certain people in attempting to create and provoke incidents is not a normal mourning activity. It is hoped that the masses will heighten vigilance to avoid being made use of by people with ulterior motives. The notice said that it is illegal to storm party and government organs and this will not be tolerated.

The notice advised the masses gathered at the Xinhua Gate to leave.

After this broadcast, the crowd gradually dispersed. At about 0500, order at the Xinhua Gate returned to normal, and cleaning workers started to sweep and clean the place.

#### More on Storming of Zhongnanhai

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### Security Forces Disperse Students

OW1904041189 Tokyo KYODO in English 0353 GMT  
19 Apr 89

[Text] Beijing, April 19 KYODO—Chinese security forces on Wednesday dispersed thousands of students who had gathered in front of the nerve center of the Chinese Government here demanding more freedom and democracy.

About 4,000 students assembled in the Zhongnanhai compound west of Tiananmen Square before dawn demanding the posthumous rehabilitation of Hu Yaobang. The former Chinese Communist Party chief and strong advocate of political reform died of a heart attack last Saturday.

Later Wednesday morning about 200 people staged a demonstration in Tiananmen Square and another 800 people presented wreaths honoring Hu at the Monument of People's Heroes in the square.

The police action was the first since a series of student protests began Sunday, including a day-long sit-in Tuesday in Tiananmen Square that drew an estimated 20,000 people.

Students have presented a list of seven demands to the government, including permission to establish nonstate controlled newspapers and improved treatment of intellectuals.

They have also criticized Premier Li Peng for what they call his conservative policies.

Students have demanded that the party rehabilitate Hu, who was removed from the party while serving as general secretary in 1987 for his alleged failure to control student protests in December 1986. Hu also openly supported Western political philosophies and questioned Marxism.

Funeral services are scheduled for Saturday at the Great Hall of the People, the parliament. Many top government officials, including Party Secretary General Zhao Ziyang, are expected to attend.

Authorities had not interfered with the demonstrators, apparently afraid of provoking the students, while students feared escalating the situation might give the party reason to sideline reform-minded leaders such as Zhao.

In a similar mass demonstration in April 1976, security forces crushed the demonstrations and forced Vice Premier Deng Xiaoping out of office.

KEJI BAO, a trade paper on science and technology, reported the student demonstrations, on its frontpage but did not refer to their march to government headquarters.

Students told reporters their actions did not necessarily suggest they personally liked Hu, but were aimed at emphasizing that people should choose their own leaders in a democratic nation.

### Leaders To Wait Out Memorials

HK190405189 Hong Kong HONGKONG STANDARD  
in English 19 Apr 89 p 7

[By Fan Cheuk-wan]

[Text] Beijing has given its tacit consent to memorial activities organised by thousands of university students in mourning for former Communist Party chief Hu Yaobang.

Sources said yesterday that authorities had adopted a policy of nonintervention towards the growing number of student demonstrations in an effort to avoid provoking more radical action.

Their unusually tolerant attitude shows top leaders have recognised the potential for major political unrest if they mishandle the students' activities.

Despite the heavy emphasis the government has been putting on the need for "stability and unity" in the battle against China's mounting economic problems, security forces have not intervened in memorial activities staged on campuses and at Tiananmen Square over the past two days.

A spokesman for the Beijing Municipal Public Security Bureau said security officials would continue to refrain from intervention.

Since 1986, demonstrations in Tiananmen Square have been banned without prior approval. The banning order followed widespread student demonstrations, which were later used to justify removing Mr Hu from his post as party boss.

The spokesman would not say why the ban was not being enforced. Students have also been allowed to approach the Monument to the People's Heroes to praise Mr Hu, although the monument should be closed at 7pm every night.

Sources said Chinese leaders hoped to dilute the students' discontent by taking the initiative in eulogising Mr Hu.

The official Xinhua News Agency carried reports on praise offered by state and party officials.

"The death of Hu Yaobang has evoked extensive shock and sorrow among people throughout China," the agency said.

"For the past few days people have been wearing black arm bands, presenting wreaths and writing couplets to mourn this long-tested loyal fighter for communism who began his revolutionary career at the age of 14," it said.

Mr Li Peiyao, the newly-appointed Vice-Minister of Labour, said an obituary issued by the party's Central Committee had been an open expression of its recognition of Mr Hu's achievements.

"The Central Committee's decision to offer the marshal-ranked commemorative and funeral arrangements to Mr Hu showed their appreciation of Mr Hu's contribution to the party," he said.

He said the students' appeals for democracy and freedom were understandable and he saw no danger of them sparking social unrest.

"There should be no problem for the students to commemorate Mr Hu. The point is that they should adopt correct methods," he said.

Mr Li, a senior trade union official, dispelled concern of a possible alliance between the students and workers upset at the worsening economy.

"Mr Hu did not have as great influence among workers as he had among intellectuals," he said.

Poet Lao Mu, a leading supporter of the drive to win the release of China's political prisoners, warned that authorities might intervene if the students went to far.

### Beijing Demonstration Quelled

HK1904013689 Hong Kong Domestic Service  
in English 0100 GMT 19 Apr 89

[Text] Police in Peking have forced students to end a 5-hour demonstration outside the Communist Party headquarters. About 2,000 students had gathered outside the headquarters at Zhongnanhai, central Peking, shortly before midnight chanting slogans for democracy and against dictatorship. Some had tried unsuccessfully to force their way into the compound at one stage. James Miles in Peking explained to Nick Bailey how the police ended the protest.

[Begin recording] [Miles]: The police moved slowly down the road, coming in from both directions, and squeezed the students down several hundred yards away from the party headquarters, effectively ending their sit-in. This was the first intervention by the police in the latest wave of student demonstrations that has been sweeping the capital and two other Chinese cities at least since the death of the Communist Party leader Hu Yaobang on Saturday.

[Bailey] Was there any violence in this confrontation?

[Miles] No, no violence was reported, and the police appeared to be unarmed. The police were lining up shoulder to shoulder and it appears that they were refraining from using any forceful tactics in moving the students on. [end recording]

### Hu Praised for Contributions

HK1904012689 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1412 GMT 18 Apr 89

[Article by Shi Fu (4258 1133): To Mourn the Death of Hu Yaobang Is To Keep the Country Well Run and Peaceful"]

[Text] Hong Kong, 18 Apr (ZHONGGUO XINWEN SHE)—The death of Hu Yaobang has aroused the masses of people in China to come out in memorial activities with a show of deep grief.

Hu Yaobang staged a comeback after the Cultural Revolution. In his 10 years as director of the Organizational Department of the CPC Central Committee, director of the Propaganda Department, and General Secretary, he made outstanding contributions. As to his personal character, he was widely praised for being frank and honest, humble and diligent. After he resigned from his post as general secretary 2 years ago, he still showed concern for the interests of the state and the welfare of the people. He never forgot the need for the nation and the people to do all they can to catch up.

With the sudden death of Hu Yaobang, the youths and students of China and the masses of people have shown deep grief and held various memorial activities. This is just as expected. The Chinese authorities should take advantage of the situation to uphold the direction of openness and reform and quicken the progress of democracy and the legal system. In promoting honest government and developing science and education, still greater strides forward should be taken. This is to honor the memory of Mr Hu and stimulate the people of the country.

The students and youths of China know the situation as a whole. They fully understand that the country is in a crucial period and beset with multiple difficulties and troubles. There is an urgent need for unity and stability. To mourn the death of Hu Yaobang is to accelerate the process of keeping the country well run and peaceful.

**Prolonged Funeral Canceled**

HK1904025889 Hong Kong MING PAO in Chinese  
19 Apr 89 p 2

[“Special Dispatch” by Staff Reporter: “Being Worried That a Long Night May Be Fraught With Dreams, Beijing Has Cancelled Its Decision on Prolonging the Funeral Activity”]

[Text] Beijing—An informed source from Beijing revealed to our reporter that according to the requirements of the Central Discipline Inspection Commission, the Central Advisory Commission, and other central departments, the CPC Central Committee had originally decided to prolong funeral activities for 2 days after the conclusion of Hu Yaobang’s memorial meeting, to let more people pay their last respects to Hu’s remains. But this decision has been canceled because there is a worry that a long night may be fraught with dreams.

In addition, this informed source further disclosed that Hu Yaobang’s memorial meeting will be presided over by Zhao Ziyang, and either Deng Xiaoping or Yang Shangkun will deliver a memorial speech.

According to a ZHONGGUO TONGXUN SHE report yesterday, the top CPC authorities have decided to hold a memorial meeting for Hu Yaobang on 22 April in the Great Hall of the People in Beijing.

About 4,000 people will attend the memorial meeting.

The ceremony to pay last respects to Hu Yaobang’s remains will also be held on that day.

**CPC Announcement on Hu’s Funeral**

HK1904080689 Beijing XINHUA Hong Kong Service  
in Chinese 0716 GMT 19 Apr 89

[Report: “Announcement by CPC Central Committee”—XINHUA headline]

[Text] Beijing, 19 Apr (XINHUA)—The CPC Central Committee made an announcement today on the memorial meeting and ceremony to pay last respects to Hu Yaobang’s remains.

The announcement states that the CPC Central Committee has made the following decision: At 1000 on 22 April, a memorial meeting for Hu Yaobang will be held in the central auditorium of the Great Hall of the People in Beijing in addition to a ceremony to pay last respects to his remains. At that time, the Central Broadcasting Station and the Central Television Station will make a live telecast of the meeting.

The announcement adds: Various localities may organize the masses to watch on television or listen to radio broadcasts of the meeting.

**Citizens Express Grief**

OW1804210089 Beijing XINHUA in English  
1550 GMT 18 Apr 89

[Text] Beijing, April 18 (XINHUA)—Over the past days, the people of Beijing have been expressing in many ways their grief and dismay over the death of Hu Yaobang, the proletarian revolutionary and statesman.

Many residents were shocked to hear of his death. They considered him to be a great statesman and outstanding leader.

A young woman leader of the Communist Youth League said Comrade Hu Yaobang was a great thinker. He worked hard and was always strict with himself. He respected intellectuals and did much work for the party. The people will always cherish his memory.

Qian Sanqiang, a well-known scientist who became acquainted with Hu Yaobang in the 1950s, said with repeated sighs: “It’s too bad, it’s too bad.” He said Comrade Hu Yaobang respected knowledge and scientists and threw a great part of his energy into the development of the cause of science in China.

Rong Yiren, vice-chairman of the Standing Committee of the National People’s Congress, said Hu Yaobang was upright, had a strong sense of justice and had the courage to undertake responsibilities. He pointed out that Hu Yaobang had shown concern for and given support to the establishment and development of the China International Trust and Investment Corporation.

Participants in the current Second Session of the Seventh Beijing Municipal Committee of the Chinese People’s Political Consultative Conference were deeply upset by the death of Hu Yaobang.

Zhao Zhizhen, a member of the committee, said she felt that his death was too sudden and she was not able to eat when she heard of it.

Liu Hanjie, former deputy director of Beijing Public Security, said the high appraisal of Comrade Hu Yaobang’s life in the obituary of the Central Committee of the Chinese Communist Party conformed with reality and with the aspirations of the people.

Many people attending the session also highly praised Hu Yaobang’s behavior and his vigorous working style.

Li Li, former leader of the Beijing Administration of Gardens, Parks and Forests, said Comrade Yaobang had been concerned with the establishment of parks and forests in Beijing since he assumed the post of the first secretary of the Central Committee of the Communist Youth League. He also led cadres of the league in planting trees along the Yongding River and Chaobai River and on the western mountain.

Li added that Hu Yaobang's quality of being strict with himself and setting an example was always worth following.

On the morning of April 16, staff of the Beijing General Machinery Plant hardly reached the workshops before they were talking about the death of Hu Yaobang. They praised Hu Yaobang for his amiability and approachability, as well as for his immersing himself among the masses. Deng Shulan, a technician, said that in this aspect, Comrade Yaobang was a fine example.

A communist in his seventies stood for a long time in silent mourning when he heard the news about the death of Hu Yaobang. He said that Comrade Hu Yaobang had unusual courage and resourcefulness to boldly and resolutely set wrongs to right, redressing mishandled cases to rehabilitate many former leaders.

He added that Hu Yaobang had always taken the common people to his heart and the common people would always remember him.

Students in Beijing University and other schools of higher learning have held other activities to mourn Hu Yaobang. They have used white flowers, wreaths and elegiac couplets to express their grief.

When they heard of the death of Hu Yaobang, students in the China Youth Institute of Politics cancelled their evening party of dancing and films to mourn Hu Yaobang, the former president of the institute.

Zhao Ximing, present party secretary of the institute, said that Comrade Hu Yaobang went close to the masses. He was always concerned with the state and people's affairs. No matter how difficult the conditions were, he kept going to the ground units to know the reality of the people's life. His fine working style of keeping in close touch with the masses and serving the people wholeheartedly will always be worth learning by the younger generation.

**Guangxi Sends Condolence Message**  
*HK1804032689 Nanning Guangxi Regional Service*  
*in Mandarin 1000 GMT 17 Apr 89*

[Text] The Guangxi Regional Party Committee, the Regional Advisory Commission, the Regional People's Congress Standing Committee, the Regional People's Government, the Guangxi Military District, the Regional Discipline Inspection Commission and the Regional CPPCC Committee jointly sent a message of condolence on 16 April to the Hu Yaobang Funeral Committee, expressing their heartfelt condolence on the death of Comrade Hu Yaobang.

The message says: We are distressed to learn of the passing away of Comrade Hu Yaobang. Party members, cadres, officers, and men of the PLA [People's Liberation Army] units, and people of all nationalities of

Guangxi Zhuang Autonomous Region are all grieving greatly about his death. During his lifetime, Comrade Hu Yaobang paid great attention to Guangxi's socialist construction. Whenever he made an inspection visit to Guangxi, he went down to the grass-roots units and the frontiers to maintain close ties with the masses, look into the feelings of the people, and give guidance to local leaders as to their work. All this has greatly encouraged and spurred us on, and promoted all the undertakings of our region. His breadth of vision of a proletarian revolutionary and statesman, his spirit of bending himself to the cause of the people, his noble character of being amiable and easy to approach, and hard work and plain living, and his realistic style of work are indelibly engraved on the memory of party members, cadres, officers and men of the PLA units, and the people of all nationalities of our region.

The death of Comrade Hu Yaobang is a great loss to our party and the people of the whole country. We deeply lament his passing away and tender our heartfelt condolence to his bereaved relations.

**Foreign Leaders Express Condolences**  
*OW1804150389 Beijing XINHUA in English*  
*1418 GMT 18 Apr 89*

[Text] Beijing, April 18 (XINHUA)—Leaders of Algeria, Palestine, Italy, Benin, Burma and Niger expressed Monday their condolences on the death of Hu Yaobang, former general secretary of the Communist Party Of China (CPC).

In a message to his Chinese counterpart Yang Shangkun, Algerian President Chadli Bendjedid expressed his "deep sorrow" at the death of Hu, whom he called "a devoted fighter" of China.

Yasir 'Arafat, president of the State of Palestine, also sent a message of condolence to Zhao Ziyang, who succeeded Hu as the CPC general secretary in 1987, praising Hu's contribution to the Chinese revolution and construction.

Hu died of a heart attack on Saturday. A memorial meeting will be held in the Great Hall of the People in downtown Beijing.

Leonilde Jotti, president of Italy's Chamber of Deputies, said in a message to the Chinese ambassador to Italy, Du Gong, that "Comrade Hu Yaobang is a beloved person... All of us value and appreciate his balancing talent and political wisdom."

Burma's Prime Minister Saw Maung cabled his condolences on Hu's death to Chinese Premier Li Peng, praising Hu's "forthright and pragmatic views on relations with Burma. [quotation marks as received]

Maung, who is also minister of defense and foreign affairs, (?called) his Chinese counterpart to convey his "deepest sympathy and heartfelt condolences" to the bereaved family. President of Niger, Ali Saibou, and Benin president, Mathieu Kerekou, also sent messages either to President Yang Shangkun or General Secretary Zhao Ziyang, condoling Hu's death.

Earlier, leaders of Democratic People's Republic of Korea, Democratic Kampuchea, Democratic Germany and the Maldives also expressed condolences on Hu's demise.

#### More Condolences Received

OW1804205289 Beijing XINHUA in English 1438 GMT  
18 Apr 89

[Text] Beijing, April 18 (XINHUA)—Communist party leaders of Italy, France, Czechoslovakia, Romania, Spain, and leader of the South West Africa People's Organization have sent messages of condolence on the death of Chinese Communist Party (CPC) leader Hu Yaobang.

Hu, who died on Saturday, was a member of the CPC Political Bureau and the party's former general secretary.

Achille Occhetto, general secretary of Italian Communist Party, expressed deep sorrow in his April 15 message and said that CPC lost a staunch fighter in China's reform and her modernization drive and "we lost a dear and respectable friend and comrade."

While speaking highly of Hu's contribution to the restoration of relations between the two parties and to international relations and workers' movement, Occhetto also reiterated his party's wish to further develop friendly relations with the CPC.

Chairman of the Italian Communist Party's Central Committee Alessandro Natta also sent a condolence message.

Shocked at and grieved over the death of Hu Yaobang, the French Communist Party noted in its April 17 message that the party would give "full support to CPC at this sorrowful moment."

Georges Marchais, general secretary of the French party also expressed his deep condolences to CPC and Hu's relatives over the death of "the close friend of the French Communists" in the same messages.

In a message to Zhao Ziyang, General Secretary of the CPC, Czechoslovakian Communist Party General Secretary Milos Jakes while expressing profound condolences over Hu's death, said that because of Hu's death the CPC and the Chinese people have lost "a distinguished leader."

Nicolae Ceausescu, general secretary of the Romanian Communist Party, in his condolences message of April 18 extending heartfelt condolences to the CPC, its leader Zhao Ziyang and the bereaved family, praised Hu Yaobang as an outstanding fighter of both the CPC and the Chinese people.

Over a Saturday telephone call to the Chinese Embassy in Spain, Romero Marin, member of Political Bureau of the Spanish Communist Party while expressing condolences over Hu's death, noted that Hu made his contribution to the restoration and development of his party and the CPC.

Secretary General Herman Toivo of the South West Africa People's Organization (SWAPO), on behalf of the organization's president Sam Nujoma and all its leaders, sent a message to Zhao Ziyang, expressing deep condolences of SWAPO over Hu, whom he referred to as a beloved comrade.

#### Dissident Su Shaozhi on Situation, Intellectuals

HK1904084889 Shanghai SHIJIE JINGJI DAOBAO in Chinese 3 Apr 89 p 15

[Article by reporter Ruan Jiangning (7086 3068 1337): "An Interview With Su Shaozhi"—first paragraph published in boldface]

[Text] The masses are concerned about social stability. Some people want democracy, openness in state affairs, and further opening up. The purpose is to seek long-term stability and development rather than immediate interests. Because of their ability to think independently, intellectuals have raised more questions. Chinese intellectuals bear the characteristics of swallowing humiliation, taking a heavy load, and being concerned about the country and the people. For this reason, they badly need understanding and respect. They wish to build the country with their knowledge and raise the education level of the whole nation rather than use ignorance to challenge knowledge.

I do not understand why the radio and television stations have refused to allow Su Shaozhi to appear on the screen. At a conference held recently, Su told me that he was at the rostrum. The participants on both his left and right side appeared on the television screen; only Su himself did not appear. Su commented on the affair: "I don't mind, but it is ridiculous. I can only dismiss it with a smile." Today a friend from a television station asked me about the value of a conference report. But when he heard of Su Shaozhi, he immediately raised the difficulties in shooting and broadcasting. It seems that the news is not absurd. Why? In my opinion, probably it is related to politics.

Su Shaozhi: "The establishment of the CPC's leadership position in China was not accidental. It was the inevitable result of historical development."

"China has achieved remarkable successes in economic structural reform over the past decade. This is widely acknowledged at home and abroad.

"Many people have commented on the defects of the old system. How did the old system take shape? What role did party leadership play in the shaping of the old system? These are questions I intend to study so as to seek a way out for reform and improve and strengthen leadership in the course of reform."

This is what Su Shaozhi mentioned in public on many occasions. Is this ideological keynote and framework for probing problems unacceptable? Has he gone too far in the study? Is it related to the stability of the political situation? I remember a very important remark: Without stability nothing can be accomplished. Focusing on these questions, the interview started.

Su: "Everyone is concerned about the current situation. The jingles in society have given expression to certain resentment. Viewed historically, folk rhymes are the reflection of social phenomenon. There are such records in 'The Twenty-Four Books of History.' In a strict sense, however, folk rhyme is not a scientific manner of expression. It only reflects certain resentment. The method to eliminate resentment is to increase mutual understanding. The masses are concerned about social stability. Some of them want democracy, openness of state affairs, and further opening up. The purpose is to seek long-term stability and development rather than immediate interests. Because of their ability to think independently, it is quite natural that they have raised more questions."

"Do these include grievances resulting from unfair distribution?" I asked.

Su: "That is not the main point. Chinese intellectuals have always led a plain life. It is their characteristic to swallow humiliation, bear a heavy load, and be concerned about the country and the people. For this reason, they badly need understanding and respect. They wish to build the country with their knowledge and raise the education level of the whole nation rather than use ignorance to challenge knowledge. Leaders should take their practical difficulties into account."

"Do you believe that the situation is taking a turn for the better?" I asked.

Su: "Yes, it is taking a turn for the better. There is a good beginning in many fields. For example, SHUIJIE JINGJI DAOBAO carried my speech made at the symposium to mark the 10th anniversary of the 3d Plenary Session of the 11th CPC Central Committee, giving voice to my innermost feelings. The leaders did not meddle in the affair. The speech aroused sympathy and I received many letters because it was not my personal problem. It is a pity that the speech did not draw greater attention among the leaders. How nice it would be if a series of dialogues could be held on the issue of the minority, or

majority, or various circles (literature and art, theory, and the press), allowing coexistence of different views, increasing mutual understanding, and enhancing unity to jointly overcome the country's difficulties.

"Another typical example is the Opinions of the CPC Central Committee on Promoting Prosperity of Literature and Art promulgated in February. There are many points in the document which will be well-received. For example, the party will exercise leadership in political principles and orientation over literature and art, the leading organs of the party should respect the characteristics of literature and art work and reduce their interference or meddling in specific literary works and academic problems....The literary and art workers will not necessarily have to follow the personal views on literary and art works expressed by leaders as readers or audience. Thus it can be seen that the accommodating and magnanimous attitude of the party toward literature and art work will be welcomed by the majority of the people. However, there are still problems that remain to be solved. How should we judge 'less interference and meddling?' What do we mean by too much interference and meddling in such a large country? These questions should be carefully studied."

"There is another question, namely, how writers should be responsible to society. I am still concerned with the question of stability."

Su: "Like theoretical workers, literary and art workers should pay attention to social effects. We cannot avoid problems. The point is, we should have the courage to discuss the problems and the determination to correct mistakes. While the party should respect the academic circles and laws, the academic circles should also accept party leadership in political principles and orientation."

"How should the party ensure the correctness of its principles and orientation?" I interrupted.

Su: "At the 1986 conference on the soft sciences, Chairman Wan Li proposed the question of a scientific and democratic approach to policy decisions, saying that political questions can also be discussed. This was well-received by intellectuals at that time. Because of a lack of mechanism, his proposals were not implemented. In the past, there was a bitter lesson drawn from the Sichuan gas project. Now the situation is much better. All views are solicited for the Sanxia project. Nevertheless, we should continue to make efforts to establish a mechanism."

"Efforts? I am afraid that some concepts will result in nothing."

Su: "Yes, efforts. The leaders should realize that many intellectuals have their own views and proposals, but do not have a channel of expression. If there were enough channels for dialogue, the leaders would further understand the masses, speak on behalf of the people, and regard the letters from lower levels and articles issued in

newspapers as opinions for reference for state administration rather than adopt an attitude of detesting them and attaching blame. The mentality of intellectuals is like Qu Yuan's remark: Those who know me say that I am heavyhearted while those who do not know me ask what I am seeking. Hence, the direction of the efforts is to enhance mutual understanding. The majority of the people want the country to turn for the better and have realized that the work in many fields can be improved. They are very anxious because the government has not responded to their opinions."

"Will some opinions result in unnecessary ideological confusion and become unstable factors?" I asked.

Su: "There should be a good method for listening to opinions. There are so many opinions in such a big country with a population of over 1 billion that it is rather difficult to select the good ones. If the government finds a few people according to its will and listens only to their opinions, it will incline to one side. For this reason, it is necessary to establish various channels for dialogue. At least the National People's Congress should encourage delegates to speak the truth. Meanwhile, we should make the most of the available channels which include the trade unions, youth leagues, and academic organizations. The fundamental question is legislation. The laws should guarantee freedom of speech and supervision of the press over society on the one hand and ensure social stability on the other. The question of election is also important because it determines whether the people's delegates can genuinely represent popular feelings. Elections should not be carried out by certain leaders or organs appointing the candidates and then asking others to vote. The masses were satisfied with the election carried out at the party congress last year in which candidates exceeded the number of seats. Moreover, the openness of government activities is the premise of democratization.

Apart from government principles and policies, the management functions, limits of authority, and daily activities of all departments should be open. The incomes of chief government officials, punishment meted out on government officials, the procedures and results of elections of the government at all levels, and selection of cadres should all be made open to the public."

"There are too many things to be made open to the public. Do you think that all these can be achieved at one stroke?"

Su: "Many things are possible, except the incomes and property of government officials which can be dealt with later. However, there is no reason for not dealing with other problems. It is also necessary to give full play to the role of the democratic parties, increase the openness of their activities, and legalize the system of consultation and dialogue. Only under the openness of political affairs can the people effectively participate in government and

political affairs, exercise supervision over party and government organs and cadres at all levels, and correctly make policy decisions. This is what I mean by uniting the whole nation to tide over difficulties."

"When the situation is getting better and better, why do many people still harbor resentment?"

Su: "Viewed from the 10 years of reform, the majority of the people have acknowledged that the achievements are remarkable. But there are also mistakes. The main point here is that you have to pay for effecting a change in social reality. The short supply, demand exceeding supply, and limited commodities in the market for a long time in the past resulted in rationing and restrictions imposed on consumption. Although prices did not increase, there was hidden inflation. Hence, price reform is inevitable in the course of economic structural reform. The readjustment of prices is bound to give rise to price hikes. This is the price to be paid. We can try to reduce the price, such as raising interest rates so that everyone is willing to save money in banks and increase production to ensure supply. So far as price is concerned, there is also a question of ratio. If the ratio is appropriate, the economy as a whole will develop normally even when the prices are a bit high. This is not yet realized by the majority of the people. That is why they still harbor resentment. Moreover, the economic interests gained by bureaucrats with privileges have confused the economic order and led to unfair distribution. This is an outcome of the old system. The people harbor resentment against privileges and official profiteering. This is understandable."

"As corruption and official profiteering were not serious in the past, the request for returning to the past is quite natural. After raising this question, I realized that many methods of control in the past were effective."

Su: "It is necessary to find out the basic reason for official profiteering and corruption. True, the double track system is an objective condition. The internal factor is the remnants of feudal autocracy in China, particularly privileges and bureaucracy. Under such circumstances, even good things will change their color. The commodity economy which smashed the rigid system requires equality and equal value. In China, however, the official profiteers do things against the law of value, resulting in free operation and good or bad operation not reflecting the capacity of operation and the question of prices under the new system being closely connected with the defects of the old system. For this reason, there will be no way out to backtrack."

"What's your view of China's current situation?"

Su: "From an overall point of view, I suppose it is grim. Although we say that the extent of this year's price hikes will be lower than that of last year, I think it is rather difficult. Because of official profiteering and other factors, it will also be difficult to improve the people's living standards. If inflation is checked drastically, it may lead

to a steep fall in production. How should we look at the labor influx? If the matter is not properly handled, it may become an economic as well as social problem. It may also involve grain problems."

"Viewed from the development of the state, do you agree that we should make concerted efforts to tide over the difficulties and practice austerity?"

Su: "The prerequisite for tiding over difficulties is to increase the bearing capacity of reform and rapidly introduce various reform measures rather than backtrack to the frugal life of the past. To enable the masses to understand, support, and sympathize with reform, we must tell the truth to the masses."

"What do you mean by telling the truth?"

Su: "Clearly explain to the masses that the government cannot be always correct, neither in the past nor at present. We need a system to correct mistakes in this regard. If the mistakes are concealed or evaded, it will be impossible to make social progress. Moreover, the failure to explain things has resulted in the government and the masses not trusting each other. Hence, it is necessary to speak frankly and sincerely and never make promises to the masses whenever reform is mentioned. Frankly speaking, the masses are reasonable. The question is whether the leaders are willing to share weal and woe with them. If leaders are unwilling to give up privileges and even do not recognize privileges, it will be impossible to call on the people to lead a plain life. Regarding the self-examination method for dealing with official profiteering and company reorganization, if we had honestly made self-examination, we would not have violated the laws. The inspection teams sent to the lower levels at present receive gifts and attend feasts as usual. Therefore, both economic and political reforms are very important for socialist countries. Political reform is particularly important; in this area, a fundamental question is the reform of the party. It is generally acknowledged that the Communist Party is the leading party. If the party's leadership is imperfect and yet it refuses to reform itself, it will lead us nowhere."

"Party leadership lies in correctness as well as effectiveness. Hence, many people in the academic circles are talking about neo-authoritarianism. Those for and against have aired their own views. What's your opinion?"

Su: "It is normal for people to hold different views. Both those for and those against neo-authoritarianism demand a change of the status quo."

"Have they made demands in the same direction?"

Su: "In my opinion, the concept of neo-authoritarianism is rather ambiguous. Those who formerly favored democracy favored neo-authoritarianism later because they are under no illusion about democracy. Some

people say that they are against neo-authoritarianism, but they are for part of it. This is probably related to different concepts. In my opinion, our party and government are confronted with a serious problem of having no authority. It is manifested in the top levels having policies while the lower levels have countermeasures and the failure to strictly enforce orders and prohibitions. Hence, we must have authority, but this is not tantamount to neo-authoritarianism."

"Can we equate laws with authority and autocracy with neo-authoritarianism?"

Su: "Authority refers first to authority of the Constitution and then to authority of various laws. The authority of our party and government should be established on this basis rather than on an ironhanded man or personal authority."

"The problem is that China's legal system cannot be established overnight. Isn't it necessary to have an authoritative person to promote this work?"

Su: "Regarding this question, we should make a further study of the establishment of authority. I suppose there are many ways to establish authority. One is to seize power during a coup de'tat and exercise autocracy. Historically, this method has resulted in disasters. The other one is establishing authority with the powers or various means in one's hands like that during the great Cultural Revolution. What happened when Chairman Mao's absolute authority was established? The little red book became the standard for judging right and wrong. Another one is democracy. For example, the authority established through election and democracy is not absolute authority. It is one that accepts public supervision. The authority that does not accept public supervision will inevitably head for corruption and lead to one man having the say."

"In the course of establishing authority, is it necessary to adopt a relatively autocratic method?"

Su: "We cannot say that. This is a question concerning inner-party democracy. The party is the representative of advanced productive forces and the people democratically selected by the party have authority. If there is genuine democracy, the people selected will not be mediocre and unambitious."

"Do you mean that authoritative persons should be selected first through inner-party democratic elections to promote democratization of the state as a whole?"

Su: "Yes, this method is feasible. For this reason, I hope that party leaders have more authority. In my opinion, the CPC can play an important, decisive role in reform."

Su Shaozhi talked in length about authority, democracy, and party reform. I think it would better to let him write down the problems concerning theory.

**Academic Discusses Democratic Politics**  
**HK1804140789 Shanghai SHIJIE JINGJI DAOBAO**  
*in Chinese 10 Apr 89 p 12*

[Article by Wu Jiaxiang (0702 4471 4382): "Commenting Again on Neo-Authoritarianism—Pushing Democratization Forward Through the Market"—first paragraph is SHIJIE JINGJI DAOBAO introduction]

[Text] Young academic Wu Jiaxiang has been a "central figure" in the theoretical debate over neo-authoritarianism conducted by people in academic circles. This newspaper has published quite a number of articles airing different views. Feeling that his "opponents" did not completely understand his ideas and concepts Wu Jiaxiang has written another article to explain his views.

**Democracy Cannot Be Separated From the Market**

Keeping aside primitive democracy, we will discover that democratic politics has risen in the company of a market mechanism and that the range and quality of democracy have always fallen into line with improvement of the market mechanism.

—The market has reduced public rights and public decisions to the minimum limits (this viewpoint was suggested by Mr Pan Kang). Through reducing political rights, the number of people seeking political rights is also reduced. These two reductions also cause a drop in the dealing costs of democratic political bodies. These dealing costs form a direct ratio with public rights, public decisions, and the number of people seeking political rights and participating in decision-making. When there is no market, when the market is imperfect, or, in particular, when politics is mixed with economy, there will be excessive public rights and public decisions. In such cases a large number of people will seek political rights (because they cannot gain economic interests through the market, they have to strive for official posts to achieve this end). As a result, the costs for democratic participation will rise to such an excessive extent that effective consultations are difficult. Under such circumstances, the best method of economizing political dealing costs is to exercise a high degree of centralism. It can thus be seen that there is democracy above the market but what lies above the natural and product economies is autocracy.

—The market helps separate politics from the economy. The separation of these "two powers" has laid a foundation for the separation of three powers and will prevent the centralization of powers from turning into autocracy, and local powers from becoming local separatist regimes. All this will fundamentally prevent democracy from turning into autocracy or separatism.

—The market system explicitly defines individual interests and risks, strengthens one's sense of responsibility for democratic rights and reduces the possibility of politicians practicing bribery during elections. But

under the nonmarket public ownership system it costs little to canvass for candidates because the voters do not know where their interests lie and do not care much about who is being elected.

—As a contract economy, the market economy enables politics to take on a contract nature and turns democratic procedures into contracts that must be implemented or that do not allow unilateral alteration. As a matter of fact, democratic politics is contract politics.

—The development process of the market is a diversification process of economic interests. The diversification of economic interests is the basis of political diversification and also of the modern party system. Without this basis, people can only choose between autocracy, anarchy, underworld gangs, and warlord politics.

—The popularization of the market system enables people to build mutually beneficial relationships. Under these relationships people will get rid of their naive ideas, free themselves from dogmatism, and improve their sense of coexistence and mutual accommodation. This is an indispensable condition for the emergence and development of democratic politics.

—The market serves as a stabilizer for manufacturers and consumers. As long as there is no major fluctuation in the market it is difficult for excessive remarks and actions (from either the upper or lower social strata) to disrupt the entire society. This will increase people's sense of safety in society and enable society to contain radical ideas and actions. Radical ideas and actions serve as a necessary condition for preventing the emergence of rigidity in society. They suggest the original meaning of democratic politics.

—The operation of the market can turn out middle class people who account for the majority of the population. This will prevent the principle of subordinating the minority to the majority from becoming a principle that deprives people of their private property. It will also prevent a clash between democratic principles and the principles of economic growth.

A healthy market obviously serves as a basis for establishing democratic politics. Without this basis it will be very difficult to form a democratic political system. Even if it could be formed, no one can guarantee that it will not change. Hitler, a rare dictator in history, was elected through normal procedures. But a new government that arises without a market system or a perfected market system (be it elected through revolutionary violence or a democratic election) will only be a tool in the change of regimes.

Of course, the market also produces corrosive effects on democracy. Economic inequality caused by the market constitutes a threat for equal civil rights. However this problem will not be discussed now because it belongs in a higher category.

#### Introduction of the Market System Requires Neo-Authoritarianism

Since the market system is so important to democracy, a backward country must make major efforts to introduce this system if it really wishes to practice democracy. During this process some democratic radicals first turn their feelings for democratic politics into enthusiasm to promote the implementation of the market system. As I see it, this is an expression of ideological maturity. It is really surprising to say that some people feel strange about this situation.

What we should study is the political conditions for ensuring smooth implementation of the market system. To solve this problem there is a need to know the relevant basic conditions and the obstacles that may be encountered during implementation of the market system.

The separation of politics from the economy is a precondition for and a result of the implementation of the market system. In nonsocialist backward countries the mixing of politics with the economy does not constitute a prominent problem. In these countries, this mixing finds expression in excessive government intervention in economic activities and in government officials running enterprises. In socialist countries this manifests itself in the government being the owner of the enterprises. The government is deeply involved in economic activities, so deeply that it cannot get out of this involvement. This indicates that it is much more difficult to implement the market system in socialist countries than in nonsocialist backward countries. What is the method for tearing politics away from economy? Can the expansion of political participation help solve this problem? I do not think so. The expansion of political participation will not lead to the separation of politics from economy but will instead increase the participants' portion in sharing the "fruit" of the combination of politics with economy. What about introducing general elections? This will be good if the head of state elected has the power to separate politics from economy. But it is quite possible that his accommodation of the interests of the voters and social groups will make him powerless in preventing the following two kinds of misconduct from undermining the market system:

One is evading the market. During the initial stage of the market system almost everyone tries to evade the market. Consumers are trying to evade high market prices and look for low market prices or obtain commodities and labor free of charge. This was where China's "unitary economy" and "manor economy" originated. Whether a consumer can succeed in his attempt to evade the market depends on how much power he possesses.

Laborers try to evade the labor force market. Producers try to evade the production materials and capital markets; they are seeking low price raw materials and nonrisky government loans.

The other is carving out the market. The "duke economy" Mr Xia Yulong was taking about, and the "territorial economy" referred to by Mr Lu Zhongyuan are the results of government departments carving out the market.

Obviously, if these actions are not stopped it is impossible for the market mechanism to develop and mature. Both economic and political methods should be applied in stopping this misconduct. Economic methods include "waging a protracted war" against the government. In other words producers who do not have the power to carve out the market should gradually be allowed into the market and efforts should be made to monetize all rights that obstruct market operation, so that these rights will be converted into something that circulates in the market. This is a long process of transforming the traditional political structure. Apart from being long, this process will encounter government corruption. Even a modern country finds it difficult to endure the slow process of the "natural death" of the old social structure. An example is the occurrence of all kinds of bourgeois revolutions.

Newly emerging modern countries generally use political means to speed up implementation of the market system. Some of them maintain that it was necessary first to set up a parliamentary democratic political structure under which economic development could be speeded up and the market system implemented. But so far no country has provided any successful experience. Some weak parliamentary political structures turned into military dictatorships and others fell into political and economic confusion. Why? Because a parliamentary democratic political structure cannot exist without the market or the influence of the old political structure that evades and carves out the market. It is precisely this influence that controls parliamentary activities and the elections for heads of state. There are two choices facing the elected head of state: One is to be very weak and allow all political forces (local interest groups and trade unions) to evade and carve out the market; the other is to be a hardliner who is free from the control of any forces and is ready to abolish general elections for the effective introduction of the market system. The former may lead his country into confusion and disaster, whereas the latter may become a new authority. In this sense, a new authority can avoid detours and speedily bring about democratization through the introduction of the market system.

Some people will probably cite India and the United States to prove that a parliamentary democratic political structure can directly be formed without establishing a new authority or introducing the market system. As a matter of fact, British colonialists were playing the role of a new authority in setting up the parliamentary democratic political structure. The privileges of the old

society basically did not exist in the United States. The United States, a society of immigrants enjoying equality, could directly transplant the market system from Britain. As a result of this difference in historical development the United States cannot appreciate the significance of establishing a new authority in the course of modernization.

#### **It Is Necessary To Impose Democratic Pressure on a New Authority**

Some people are worried and even indignant about neo-authoritarianism because they are afraid that it may ignore democracy. This is a misunderstanding which has resulted from their different explanations concerning the concept of democracy. In my opinion, democracy can be divided into the following three forms: Democracy as a short-term movement, democracy as a normal activity, and democracy as a political system. The most frequently asked questions are: How can neo-authoritarianism be formed? How can it be prevented from turning into old authoritarianism? My views are basically as follows: Historically, neo-authoritarianism generally emerged in the course of a short-term democratic movement and withstood certain pressure from the democratic movement. Eventually a democratic political system was established on the basis of the introduction of the market system and the trial-implementation of democracy. On this point, Wilson remarked explicitly: The constitution is not the source but the expression of our freedom. Democracy occurred first and the system is only an expression.

Therefore, as soon as neo-authoritarianism comes into being, it is necessary to impose pressure on it by carrying out regular democratic movements. I agree with Mr Cao Enyuan's views: There should be places and rules for democratic activities. According to China's specific conditions, ideal places for democratic activities are not the streets but the sessions of the National People's Congress [NPC] and the Chinese People's Political Consultative Conference [CPPCC]. To allow democratic activities during these sessions, it is necessary to reduce the number of deputies and members so as to facilitate discussions and consultations and to economize on costs. To enhance deputies' and members' sense of responsibility in making suggestions, it is necessary to select deputies and members from people who meet the age and political requirements. I agree with the views of many comrades: Places for democratic activities should be distinguished from places where veteran comrades can rest and display their exploits. To improve the effectiveness of policy appraisals and democratic consultations and reduce unrealistic unanimity that was common in the past, it is necessary to hold activities for party and Communist Youth League members. There are many ways to impose democratic pressure. Apart from meetings, there is also a need to encourage the openness of public opinion.

In preventing neo-authoritarianism from turning into old authoritarianism it is also necessary to impose proprietary, financial, and social pressures. If neo-authoritarianism ignores these kinds of pressure it will run into financial deficit. As everyone is aware, the British Tudor dynasty took the throne from the manor lord back to a free land. This was the result of financial pressure. In our country, if an enterprise that mixes politics with economy is providing less and less revenues and an independent proprietor is providing more and more revenues, there is no reason for the government to ignore this pressure. In conclusion, amid the wave of world democratization and economic liberalization and in a country that has not achieved modernization, the possibility of neo-authoritarianism turning into old authoritarianism is smaller than that for the early introduction of political diversification. Viewed from modern Chinese history, political diversification prior to the introduction of the market system generally led to separation, confusion, underworld politics, and separatist warlord regimes. If future practice proves this to be wrong, I am willing to revise or give up this viewpoint at any time.

#### **Article Views Debates on Neo-Authoritarianism**

##### **Part One**

*HK1904060589 Hong Kong TA KUNG PAO in Chinese  
17 Apr 89 p 2*

[Two-part "special article" by Deng Ziqiang (6772 5261 1730), originally carried in SHENZHEN TEQU BAO (SHENZHEN SPECIAL ECONOMIC ZONE NEWS): "Concerning Controversial Views on Neo-authoritarianism"]

[Text] The debate on neo-authoritarianism first began among some young and middle-aged scholars in Beijing and Shanghai, and recently spread to ideological and theoretical circles. Here, I would like to summarize the latest developments in the debate and the main viewpoints in this controversial issue.

##### **What Is Neo-Authoritarianism**

At present, there is not yet a commonly accepted definition of this term. People who uphold neo-authoritarianism say that neo-authoritarianism, being different from the old authoritarianism, is oriented toward modernization. In political terms, it is not autocracy, but only semi-autocracy; in economic terms, its target is market-oriented restructuring. Wu Jiaxiang, a young scholar, holds that human history inevitably undergoes three stages of development, namely, the stage of old authority, the stage of new authority, and the stage of liberal democracy. Neo-authoritarianism is a transitional stage between traditional society and modern society. Economically, it is characterized by the semi-market economy, which is a transitional form between the natural economy (or product economy) under the rule of the old authority and the free economy (or market economy),

and politically, it is characterized by enlightened autocracy, which is also a transitional form between the old authority's autocracy and the democratic polity.

According to another scholar, Xiao Gongqin, neo-authoritarianism is a transitional form of authoritarianism, or a special political mode in the initial stage of the modernization process in some Asian, African, and Latin American non-socialist countries and regions, such as the "four little dragons." It appeared as a reaction against early-stage parliamentary democracy in Third World countries, and took the form of authoritarian politics built by modernization-minded military or political strongmen.

According to Beijing University's Zhang Bingjiu, neo-authoritarianism is semi-power centralism. The essence is to realize the separation of the economy from politics and to realize dualism in social life. The short-term objective is two-fold: In the economic field, non-economic power should withdraw from the economic realm and economic life should be organized on the basis of the market, and in the political field, political power should be limited to the political realm and must not interfere directly in economic life.

#### Points Used To Support Neo-Authoritarianism

Hu Jiwei, former editor in chief of RENMIN RIBAO, opposes the thesis of neo-authoritarianism. He said: We attach importance to authority, but we will establish the authority of democracy rather than the authority of autocracy. Qin Xiaoying, a theoretical worker in the CPC Central Propaganda Department, holds that those who advocate neo-authoritarianism are either ignorant about history or trying to produce a sensational effect. They argue that the general public in China lacks the capacity for democratic participation in government affairs, so they prefer the option of sacrificing a certain degree of political democracy so as to prevent the "disorder" which may be brought about by democracy. They hold that a perfect social structure based on rule by law should first be formed and that order should be established in economic activities. However, according to Qin, this will only cause a vicious cycle in history. Law expert Yu Haocheng said: The advocates of neo-authoritarianism lump together democracy and anarchism. In fact, only autocracy will cause disorder, and only democracy will ensure unity and stability.

Wu Jiaxiang said: The most urgent and imperative step that China should take now is to turn the principle of democracy into applicable concrete steps. He justified neo-authoritarianism according to the following points: Social development cannot transcend the stage of rule by new authority and step directly into the stage of liberal democracy from the stage of traditional autocracy. Democracy must be based on the development of the market, because the market will reduce the amount of

public decision-making and the number of people chasing power to a minimum. Under non-market conditions, people tend to seek economic benefit through chasing political power.

Market economy represents a force balancing supply and demand, so it will also lead to a balance between political forces, promoting the formation of political contracts. In a certain sense, democratic politics itself is a kind of contract politics. Democracy must be based on the market, while the operation of the market needs a new authority. Market economy has a prerequisite, that is, the separation of economy from politics. This relies on the emergence of a new rational authority with power and strength of will. Such rational and enlightened authoritarian politics will ensure order and stability for the whole process of social development, and will provide a relatively stable social environment for the growth of an independent middle class along with the development of the economy.

Wu Jiaxiang stressed that the new authority exists only during a certain stage. In order to prevent the new authority from degenerating, it is necessary to maintain four pressures on it, namely the pressure from the democratic movement among the public, the existence of a middle class composed of independent property owners, healthy state finances, and a democratic atmosphere in the outside world.

Xiao Gongqin said that the checks and balances of power are a necessary factor for the success of China's reform. He said: A disorderly social condition in which laws are not strictly observed and enforced and people are becoming more apathetic continues to develop. This is because authority is being weakened. So it is now necessary to strengthen the authority in the administrative system, deal severe blows at crimes and corrupt phenomena according to the law, overcome political romanticism in the economic field and the overanxious mentality which is reflected in the viewpoint of "system determinism," and make advances step by step so as to dualize the economy and politics.

#### Part Two

HK1904150389 Hong Kong TA KUNG PAO in Chinese  
18 Apr 89 p 2

[Text] Wang Yizhou, a research assistant at the Institute of Marxism and Leninism of the Chinese Academy of Social Sciences, pointed out some of the flaws of neo-authoritarianism, namely: Placing the hopes of reforms on an enlightened individual, putting economic efficiency above all else and not hesitating to sacrifice political freedom and democracy; using its viability as a rationale to seek only quick successes and instant benefits to the detriment of long-term interests; the premise for the successes of the "four little dragons" laid in economic liberalization and not in a market created out of authoritarianism; the thesis

that "the development of a market economy ends where democracy begins" does not apply to the reality of simultaneous political and economic developments in the Guangdong coastal regions.

Focusing on the view advanced by proponents of neo-authoritarianism that the present stage of democracy in China lacks viability and that emphasis on democracy would create chaos, Huang Wansheng pointed out that democracy is divided into different levels. One level is idealism vis-a-vis democracy which, in the ultimate sense of the word, affirms that every entity in society is a free person and recognizes the equality of all persons. Denial of this idealism will cause the disappearance of the goal in the implementation of realistic political structural reforms. A second level concerns the structure. It creates an effective social system where the common will of members of society gains statistical majority, thus preventing the dominance of the will of any one person over that of the people. The third level is the practice of democracy in society. Some people claim that the Chinese people know nothing about democracy. This is a ridiculous statement. Democracy does not involve preliminary tests, but rather, it is a process of practical exercise. Only by practicing democracy can it be mastered and applied. Because neo-authoritarianism treats democracy as a means, hence it also excessively emphasizes its viability.

Zhou Wenzhang believed that contrary to the views of those advocating neo-authoritarianism, the problem of loss of authority and the need for its reassertion do not exist in China. Rather, the key lies in how to exercise these authorities scientifically; neo-authoritarianism tends to take the one-sided view that centralized authority is a magic weapon and ignores the core issue, that is: On what basis should "neo-authoritarianism," which is the politics of centralized power, be established and maintained? Failure to consider and resolve these questions as well as vague calls for "strongman politics" and "politics of centralized power" are tantamount to the return of social politics and economy to the old path taken before the implementation of reforms.

As the economist Yen Yining pointed out, neo-authoritarianism advocates the rule by an "enlightened" person, but what we need is the authority of law.

#### A Middle-of-the-Road Point of View

Xiao Guoliang of the Beijing University agreed with the view that neo-authoritarianism is a stage in the development of history, but added that it cannot save China. He maintained that the promotion of political democratization does not mean discarding of authority; instead, it favors authority identified through a democratic order. Yuan Zhimin, who has a doctorate degree in philosophy from the Chinese People's University, believed that both advocates and opponents of neo-authoritarianism share the goal of establishing a broad social democracy in China, and that this goal carries implications of political

pluralism and market economy. He expressed his concurrence with neo-authoritarianism's proposal to achieve this goal through the centralization of state power in the hands of "an elite". But how is this centralization of power in the hands of "an elite" to be carried out at the moment? The choice of a mechanism to train this "elite" is a matter that must be given due consideration by proponents of neo-authoritarianism.

Sun Liping of Beijing University deemed that the arguments from both sides reflected two kinds of concerns: Those in favor of neo-authoritarianism are worried about the chaotic state of social life in view of deepening crisis in China's social and economic problems; on the other hand, those opposed to it are concerned that neo-authoritarianism would put an end to the just-unfolding process of democratization. He himself has a third concern: If we cannot make a wise choice and decision, then it is possible that two kinds of social conditions characterized by the lack of order and democracy will prevail. Consequently, he believed that it is imperative to build up the authority of the law before anything else and steadily promote the process of democratization and legalization.

#### LIAOWANG Predicts 4 'Major Crises'

**Part One**  
*OW1604143189 Hong Kong LIAOWANG OVERSEAS EDITION No 10, 6 Mar 89 pp 7 8*

[Article by Xiao Jiabao (5618 1367 0202): "Four Major Crises China Will Face and Countermeasures"]

[Text] After analyzing and studying population, natural resources, environment, grain, and other major factors which limit China's long-term development as components of productive forces, the National Situation Analysis and Research Group of the Chinese Academy of Sciences maintains that China will face serious crises in four areas:

**Population Crisis: By the Year 2000 China's Population May Top the 1.3 Billion Mark; the Latent Unemployed Population in the Countryside Will Exceed 300 Million; and the Population Will Be Aging Fast**

The first crisis China faces is that of a continuously expanding and aging population and unemployment. It is forecast that China's population will top 1.1 billion in 1989 and 1.3 billion by 2000, of which about 1 billion will be in the countryside.

China's population explosion in the mid-2000's will be further complicated by an aging problem. Compared with the developed nations, China's aging population is characterized by a larger base figure, faster speed, and heavier burdens.

Unquestionably China ranks first in the world in the aging population base figure. The number of Chinese aged 60 and above may top the 100 million mark by 1990, and exceed 300 million and reach a peak of 320 million by 2040. This last figure will, in 2025, equal the total number of people aged 60 and above in all developed nations.

The Chinese population's low income and heavier burden is a phenomenon seldom seen in the world. When the population of a developed nation begins aging, its per capita income will have either approached or already exceeded \$10,000. Even then, developed nations believe that the welfare burden of old people is too heavy. Because the Chinese population is entering the aging stage when per capita income is still low, the welfare burden for China's old people will be much heavier than the world average. At present, the number of old people without families cared for by China's rural collectives is only 4 percent of the total rural population, while the other 96 percent is being cared for by peasant families. It is anticipated that this situation will continue for a long time to come. Raising social welfare funds for several hundred million old people and making arrangements for their lives will be a most difficult issue for China in the future.

A fast population expansion, which is expected to bring the total number of working-age people to around 1 billion by 2020, will exert a great pressure on employment. This pressure will mainly come from the rapid growth of surplus manpower in the rural areas. By 2000, the number of working-age people 15 to 59 years of age in the rural areas will be about 660 million. Some 595 million of them will be actually seeking employment. But the actual demand for rural laborers will only be about 279 million. Thus, about 316 million individuals will actually be unemployed. By the early 2000's, the latent rural unemployment figure will be from 300 to 350 million. By then, a situation in which "three people compete for one job" will emerge.

**Natural Resources Crisis: With Population Expanding and Farmland Shrinking, Some Localities and a Large Number of Cities Will Experience Water Shortages; By 2030, China's Natural Resources Will Be Stretched Far Beyond What They Can Bear**

The second crisis will be the daily dwindling agricultural resources which will be stretched far beyond their capability. According to estimates and actual surveys, China today has 20.89 billion mu of farmland, 1.73 billion mu of forests, 4.3 billion mu of natural grassland, 430 million mu of water areas, 2.7 trillion cubic meters of water flowing through its rivers and streams, and 830 billion cubic meters of underground water. Although China ranks far above many other nations in absolute figures of natural resources, its per capita use of farmland is less than 2 mu, forest 1.7 mu, grassland 4.1 mu, water resources 2,600 cubic meters—all lower than the world average.

It is anticipated that by the end of this century, China's total population will reach 1.3 billion. If it should further expand to 1.5 billion by 2020, the consequences will be as follows:

The per capita use of farmland will be 1.46 mu by 2000 and 1.27 mu by 2020, a continuous drop of the absolute figure in both areas.

But the per capita use of forest areas and the percentage of land covered by forests will increase slightly. By 2000, forest areas will increase to 2.16-2.3 billion mu, and the percentage of areas covered by forest will increase to 15-16 percent. By then, the per capita use of forest areas will be about 1.7 mu, and the annual lumber supply will be short by 30-50 million cubic meters.

The total area of grassland will increase slightly, the per capita use of grassland area will decrease. The total area of grassland may reach 4.8 to 5 billion mu, and the per capita use of grassland area will be 3.75 to 3.91 mu.

The per capita amount of river water will drop further and the water resources crisis is drawing near. By that time, the country's total water demand will be 820 billion cubic meters; the per capita demand will be 634 metric tons, which is still below the per capita demand of 900 metric tons in developed countries. However, the per capita available amount of water will drop to 2,200 cubic meters, and the total amount of developed water resources will be 660 to 670 billion cubic meters, with a water shortage of 48 to 106 billion cubic meters. The country as a whole will enter the initial stage of a water resources crisis, and some areas and most cities will enter the intermediate stage of a water resources crisis. For this reason, people throughout the country should strive to alleviate the pressure on our resources and not let the situation worsen. At present, however, a considerable number of regions are still excessively consuming available resources, and are in fact using what belongs to future generations. Such a situation poses a constant threat to the material foundations for the survival and development of the entire Chinese nation.

**Environmental Crisis: By the End of the Century, 70 Percent of the Fresh Water Resources Will Be Seriously Polluted**

The third crisis is that of environmental pollution. At present, environmental pollution has spread in China and the ecology is becoming worse with each passing day:

—The area of soil erosion is increasing. Since the founding of the People's Republic, we have improved the conditions of 410,000 square kilometers of land with soil erosion, but the total area of land with soil erosion has increased to 1.53 million square kilometers now from the 1.16 million square kilometers in the early post-liberation years. About 5 billion metric tons of silt, together with some 40 million metric tons of [word indistinct], phosphorus and potassium are

washed away each year. The loss in chemicals equals China's annual chemical fertilizer output. One third of the cultivated land is damaged by soil erosion.

—The forest area is decreasing and grassland is deteriorating. At present, our annual timber consumption exceeds annual forest growth by nearly 100 million cubic meters, and the total area of deteriorated grassland has reached 770 million mu.

—More land is being eroded by sand. From the 1950's to the end of the 1970's, the area of land eroded by sand in China increased at an average annual rate of 1,500 square kilometers. Up to now, 1.09 million square kilometers of land, about 11.4 percent of China's total area, has been eroded by sand. An analysis of the causes shows that 90 percent of the erosion is caused by human error.

—The total area of inland rivers and lakes is shrinking. Since 1954, the water area of rivers on the middle and lower reaches of the Chang Jiang has decreased by about 13,000 square kilometers.

—Environmental pollution has extended from cities to rural areas. At present, more than 80 percent of the sewage is drained, without any treatment, into rivers and lakes. Sulphur dioxide exceeds the permitted amount in one-fourth of the cities in northern China. Serious acid rain occurs in some southern regions and particularly in the southwestern region, and as a result many people are drinking polluted water there. Agricultural, animal husbandry, and fishery products are slightly contaminated. Nearly 300 million mu of cultivated land has been polluted, and one-seventh of it is polluted by insecticides.

Unless we take resolute and effective measures right now, the per unit output of grass in major animal husbandry provinces and regions will drop 15 percent by 1990 and 30 percent by 2000 from the present output. By the end of the century, the total area of desertified land will increase to 251,300 square kilometers, from 176,000 square kilometers in 1980; 70 percent of the fresh water resources in China will become too polluted for use; and 65 million mu of the cultivated land and 26 million mu of the grassland will become polluted.

#### **Food Grain Crisis: By the End of the Century, It Will Be Almost Impossible for Each of the 1.3 Billion People To Have 800 Jin of Grain a Year**

After initially meeting the basic needs in food and clothing and increasing per capita income, the per capita consumption of agricultural produce, including grain, will increase rapidly in China in the future. According to a forecast, because of population growth, the demand for grain as food will exceed 890 billion jin in the year 2000. From 1985 to 2000, consumption of

other foods will also increase sharply; pork consumption will double, beef and mutton consumption will increase 130 percent, poultry consumption 160 percent, and egg consumption 80 percent.

With such a huge demand for food in the future, what are the prospects for China's grain production? At present, the major ways for China to increase grain production are to increase the area of grain crops, increase the irrigated area, improve the soil, apply more chemical fertilizer, practice intensive farming, promote mechanization, increase labor input, promote intensive cultivation, cultivate superior strains, and adopt advanced agricultural techniques. However, the present and future situation will be as follows:

The area of cultivated land will decrease year by year and the area of grain crops will shrink drastically. From 1978 to 1987, cultivated land in China decreased by 52.51 million mu, the area of farm crops decreased by 77.21 million mu, and the area of grain crops decreased by 13,979 mu. In 1988, as compared with 1987, the area of farm crops shrank by 11.196 million mu, of which 21.746 million mu [as published] were grain crops. At this rate of reduction, the area of grain crops will drop to 1,487.28 million mu, with a per capita area of 1.14 mu, in the year 2000. In order to have a per capita grain level of 800 jin, per mu yield must be raised to over 700 jin by then, from the per mu yield of 485 jin in 1987.

One fact is worth pointing out. On the one hand, our arable land reserves are insufficient and difficult to reclaim, urban and rural construction is taking more and more land year by year, and the decrease of grain crop area is conspicuous. On the other hand, with a fixed total area of cultivated land, the increase in the area of grain crops will inevitably reduce the area of other crops, such as cash crops, fodder, and green manure. As a result, the structure of crop cultivation, aquaculture, and processing industry will become even more nondiversified, unable to satisfy the people's daily increasing and diversified consumption needs, and detrimental to readjustment of the rural production structure and to further economic development.

The area of irrigated land shows a tendency to decrease, and water shortage is a major factor obstructing the increase of grain output. In the last 30 years or more, increasing the area of irrigated land has always been an important measure China has taken to raise grain output. From 1979 to 1987, the area of irrigated land in China did not increase; on the contrary, it decreased by 9 million mu. In northern China, groundwater was generally put to use in rural areas, while surface water was yielded to industry due to its price. During water shortage seasons in recent years, Beijing Municipality had to "abandon agriculture and restrict industry to ensure the residents' livelihood." Grain and agricultural production is facing a serious water shortage challenge.

Additional chemical fertilizer plays an important role in increasing grain production, but its effect is lessening year by year. According to a calculation made by the Statistics and Analysis Department of the Rural Development Research Center of the State Council, in China, chemical fertilizer occupies a one-third share in increasing grain production; its role is next only to increasing the area of grain crops. In 1952, the ratio between grain output and the amount of chemical fertilizer used was 2,101.5 to 1. Later, it dropped rapidly, became 34.5 to 1 in 1978, and 25.3 to 1 in 1980. Then the change slowed down, showing diminishing returns.

Peasant capital accumulation is very low, agricultural investment is evidently decreasing, and grain production lacks a sufficient basis for further development. First, state investment in agriculture has decreased not only in terms of relative value, but also in terms of absolute value. During the Fifth 5-Year-Plan period, the state invested 24.6 billion yuan in agricultural capital construction, accounting for 10.6 percent of its total investment. During the Sixth 5-Year-Plan period, China's total capital construction investment was up 50 percent from the Fifth 5-Year-Plan period, but its investment in agricultural capital construction was reduced by nearly one-third. State investment in agricultural capital construction during those 5 years was 17.3 billion yuan, accounting for 5.1 percent of the total capital construction investment, averaging 1.5 yuan per year per peasant. At the same time, state investment in state-owned industry averaged 1,243 yuan per worker.

In the meantime, peasants also reduced their investment in agriculture. Grain prices were on the low side, while the cost of grain production rose steadily, with the cost in 1984 doubling that of 1978. Economic returns of grain production were very low. In 1984, the net profit on 1 jin of grain was 3.7 cents, lower than that of cash crops and much lower than income from industry and sideline undertakings. As a result, it dampened the peasants' enthusiasm for growing grain, and their investment in land decreased year by year. According to a sample survey, labor investment in land sown to six kinds of grain crops decreased by one-third in 1980. More than 70 percent of the peasants' investment was made in nonproductive projects, of which more than 65 percent was in housing. In 1985 and 1986, per capita investment in housing among peasants was 56.6 yuan and 67.6 yuan respectively, while per capita investment in productive projects was 15.2 yuan and 18.1 yuan. The per capita expenditure for grain production was even less.

## Part Two

OW/904084189 Hong Kong LIAOWANG OVERSEAS ED/TION in Chinese No 11, 13 Mar 89 pp 12-15

[Text] The basic conditions in China and the fierce international competition have determined that the Chinese people in this and the next few generations must have a sense of crisis for survival, a sense of apprehension for nationality, a sense of urgency for reform, and a

sense of responsibility for history. China's modernization is a grand national undertaking, which is deeply rooted in the people's understanding and practice. For the modernization campaign to succeed, the decision-makers, the intellectual circles, and the masses, including workers and peasants, must form a consensus and a new, enduring, and strong cohesiveness, and establish an overall national mentality for long-term hard work and struggle. This is where China's basic hope lies.

That China's future is faced with four major crises does not mean prospects for its development are bleak. While analyzing and studying the crises, the experts on the national conditions at the China Academy of Sciences also delve into China's potential and prospect for future development and come up with the countermeasures.

### Bright Prospects for Economic Development

Experts hold that as long as China persists in reform and opening to the outside world, places its total population under strict control, makes no major policy errors, and suffers no other unexpected incidents (such as serious natural disaster or war), it has bright prospects for development.

—From now till 2020, China's economy will enter a stage marked by a continuous high rate of growth. China will shift from low income level to medium income level. The notable characteristics of this stage are as follows: The per capita GNP will increase from \$300 to \$1,700. The economic growth rate is estimated at between 6 and 7 percent. Calculated in terms of GNP, China will rank ninth in the world in 1995 and fifth in 2000, overtaking Italy, Canada, France, and Britain. By 2020, China will surpass the Federal Republic of Germany and draw close to the Soviet Union, and can be regarded as a great world economic power. However, due to a sharp rise in population, China's per capita GNP in 2000 and 2020 will stand at only \$763 (calculated according to prices in 1980) and \$1,724 respectively, which are 63.3 percent and 85.6 percent of that of the nations of medium income level at the time. At this stage, China's accumulation rate and savings ratio will also stay at a higher level. The urban population growth rate will be pretty high, but population reproduction will gradually move into a phase of low birth, death, and natural growth rates. The economic system and social structure which support a continuous economic growth and efficient economic operations will be formed basically.

—If the economy can sustain the high-rate growth, China will enter a modern economic stage marked by stable growth from 2020 to 2050. The marked characteristics of the stage: GNP will steadily increase at a rate of 4 to 5 percent. By 2050, China will outstrip the Soviet Union and rank only after the United States and Japan in national strength. However, the per capita GNP will reach only \$3,800, still falling short of the average level (\$4,350) of the low-and medium-income nations at the

time. At this stage, China's economic structure will undergo the first step of modernization, with the tertiary industry employing more people than the secondary industry and its output value correspondingly surpassing that of the secondary industry. In secondary industry, the capital- and technology-intensive industry and the technology- and knowledge-intensive industry, which reflect the scientific and technological progress, will rise quickly to become the leading industries. Agriculture will basically realize mechanization and modernization. After hitting its apex at 1.5 billion in 2030, the total population is likely to begin entering a period of zero growth.

Experts on Chinese conditions at the Chinese Academy of Sciences expressed their belief that many factors can become a great potential for the future development in China. These factors include a strong force that the central government can muster in mobilizing and utilizing all kinds of resources in the society as a whole, relatively all-around industrial and national economic systems, and all kinds of forces that support our economic progress, such as the ones we have developed and accumulated in social, economic, and cultural fields since the implementation of the reforms.

Agriculturally, China has a considerable potential in natural resources, labor force, investment, science, and technology. In the existing farmland in China, the proportions of first, second, and third grades are 41.5 percent, 34.4 percent, and 20.3 percent respectively. In terms of high, middle, and low yields of this farmland, its proportions are 22.3 percent, 56.8 percent, and 20.9 percent respectively. About 20 million mu of middle-yield land is of the first grade, with good soil quality, but has not yet reached its potential yield level. This land, as long as we put more investment into it and strengthen our management of it, will be transformed into high-yield land. As far as most of the second grade land is concerned, if we adjust the crop structure or adopt some improvement measures, we can achieve the result of higher production. After a suitable amount of capital was invested in three experimental areas in Fengqiu, Henan Province, Yucheng, Shandong Province, and Nanpi, Hebei Province by the Chinese Academy of Sciences to change the soil content and improve irrigation conditions, the unit grain production increased from 100 to 200 kg in 1964 to 800 to 1,400 kg in recent years.

In addition, China has an abundance of solar and thermal resources. We can create various conditions and fully utilize multi-crop systems, such as inter-cropping. In this way, we can increase the multi-crop rate from 147 percent at present to 155 percent in 2000 and 160 percent in 2050. A 1 percent increase in the multi-crop rate represents an increase of 15 million to 20 million mu of farmland. In other words, in 2000 and 2025, China will have another 120 million mu and 190 million mu of land respectively. At present, China's agricultural science and technology transfer rate is only 30 to 40 percent. If we can effectively overcome various obstacles

in technical development and extension and improve the technical extension system to make the rate grow to 50-60 percent or higher, then there will be a great development in China's agriculture.

China has a sufficient and ample labor resource. Although it constitutes a tremendous obstacle and pressure to agricultural development at present, it also represents a most important potential resource for agricultural production in China. If we solve the problem of educational investment in labor resources, we can fully release tremendous potential of various resources (including material and labor resources) that support the long-term development of China's agriculture.

#### Countermeasures: Six Systems and Four Measures

Experts on Chinese conditions at the Chinese Academy of Sciences expressed their belief that, in order to have a stable and rapid development in the economy and release the potential of abundant resources in China, we must establish a production system which is low in terms of consuming resources, a livelihood system with proper consumption, an economic system that ensures a continuing and stable economic growth and increasing economic results, a social system which guarantees social results and social fairness, a technological system which can fully absorb new technologies and new crafts, and an international economic system that can have close contacts with world markets in trade and non-trade affairs. Meanwhile, China must strictly control the growth of its population, reasonably develop and utilize resources, prevent pollution, and guarantee ecological balance.

Judging from China's conditions, our strategy for long-term development should be the one that guarantees existence and continuing development. By guaranteeing existence, we mean to guarantee the existing conditions and space for the Chinese nation as a whole; by continuing development, we mean a kind of development that will satisfy the needs of our contemporaries and also not constitute a destruction of and obstacle to the foundation upon which our future generations depend for existence and development. For this purpose, we must adopt proper measures to deal with the crisis in population, resources, environment, and food aspects.

For a considerably long period of time in the future, China must resolutely and conscientiously implement its present family planning policy; that is, to vigorously promote one child per couple, strictly control the growth rate of two children per couple, and resolutely stop the trend of three children per couple.

Since the Third Plenary Session of the 11th CPC Central Committee, China has taken its population policy as its basic national policy, with "strictly controlling population size, vigorously improving population quality, and gradually adjusting population structure" as its basic content.

At present, China should focus on the following points to improve its population quality: popularizing elementary education for peasants, eliminating illiteracy, and promoting production skills through professional training. It is necessary to impose a compulsory education on peasants to realize the goal of eliminating illiteracy or semi-illiteracy by the end of this century and to struggle to achieve the goal, by the early period of the 21st century, of making high school the average educational level for peasants. In terms of the aging population problem, it is not suitable for China to adopt a high birth rate policy to dilute the population rate of the elderly because of the capacity of China's resources. Instead, we must develop the economy, promote cultural standards, and implement a social security system for the elderly to balance the cost that we must pay for an aging society, and to gradually establish a system of social service and social guarantees for the elderly.

The Chinese Government should strictly supervise the enforcement of various laws on environmental protection, shoulder its responsibilities in this respect, and regard environmental protection as a major item in assessing the achievements of government leaders at various levels.

While acting on the principle of stressing the prevention of environmental pollution, China should increase its investment in improving the environment. In structure, it is necessary to do away with management by many departments, with each performing only certain limited functions; to establish a unified, authoritative organization for ecological and environmental protection; and to improve the quality of managerial personnel in this field. Emergency plans should be worked out as soon as possible to cope with possible accidents in environmental pollution. It is essential to set up a special fund for research on recycling of polluted materials and to establish an industrial-agricultural recycling system for multipurpose use of materials at various levels.

It is necessary to make people understand the importance of the environment and to strengthen their supervision in this regard. This is the key to solving problems concerning the environment. The names of factories which use and discharge poisonous or harmful materials should be made public, and the percentages of harmful materials in products and their harmfulness should be put on their labels. This will make it easier for the people to understand the pollution or harmfulness of such materials and to exercise supervision over them. Correct guidance should be given to village and town enterprises with regard to their production and distribution in order to avoid environmental pollution caused by their short-term measures. Environmental protection should be included in all contract systems and in the appraisal of such systems. Efforts should be made to prevent soil deterioration; to strictly forbid people to wantonly use farmland for other purposes; to protect areas producing marketable grain; to prevent pollution of the sources of drinking and irrigation water; and, in particular, to avoid

major pollution accidents that are difficult to treat and are rather harmful to the people. While strictly implementing the environmental evaluation system and the system of fees for pollution, it is necessary to institute step by step a system of issuing licenses for pollution treatment and to use the process of natural purification following pretreatment in order to control the total amount of pollutants.

In utilizing natural resources, China should lay down a resources-protecting policy to economize on the use of its existing natural resources and to rationally develop them. China should use administrative controls and economic levers to regulate the behavior of enterprises and peasant households in order to make them conscientiously increase the rates of reuse or multipurpose use of natural resources, reduce production costs, and improve their economic results. A system of evaluation of natural resources should be instituted in order to control the utilization of natural resources and the rates of such utilization. Technological and economic policies should be coordinated so as to promote technical transformation.

Solution of water and land problems should be stressed in China's strategy for the development of natural resources. To this end, China should adopt drastic measures to put an end to or reduce using farmland for other purposes, to have people pay for the use of water or land, to economize on the use of water in industrial and agricultural production, and to increase the water-reuse rate. Vigorous efforts should be made to develop agricultural ecological engineering with a view to making multipurpose use of materials and energy. Modern technology should be used to make crop cultivation, breeding, and processing a coordinated process in order to raise the resources-utilization rate.

China's structure of crop cultivation should continue to take grain crops as the main ones and fodder and industrial crops as the auxiliary ones. For a fairly long period of time to come, the system of rationing (meeting basic needs in) grain, meat, and cooking oil for city residents should be practiced in connection with market regulation. Grain prices should be readjusted step by step in order to reduce the financial burden on the state. China should adopt measures to control grain prices and to raise tax rates on cigarettes, foodstuffs, and alcohol.

Experts hold that agriculture is the most difficult problem in China's economic development, and the key to agricultural development lies in grain production. For a fairly long period of time to come, China should coordinate its efforts to readjust the structure of rural production and the agricultural structure and to develop a diversified economy as well as village and town enterprises with its efforts to support and promote grain production. The government should use economic means as the main methods and administrative means as the auxiliary ones to regulate or intervene in the variety of crops planted by peasants in order to ensure that an

adequate area, or no less than 1.6 billion mu of farmland, is sown to grain crops. This will ensure a sufficiency of marketable grain. At the same time, the Chinese Government should support peasants with investment funds, technology, and basic means of agricultural production.

In land policy, China should further define the land property right in order to promote land annexation and large-scale farming. No time should be lost in promoting appropriately large-scale farming in developed areas, especially in areas near cities and areas producing marketable grain. Management should be strengthened in purchasing, storage, transport, and marketing of grain crops so as to reduce grain waste. Financial means should be used to reduce risks in agricultural production. It is necessary to set up land records and conduct national farmland surveys as soon as possible.

On the premise that China is basically self-sufficient in grain, it should gradually increase grain imports, from 20 billion jin at present to 70 billion jin. Various parts of the country should be allowed to readjust their structures of crop cultivation according to the principle of benefit comparison so that they may be able to exchange industrial crops and processed products for more grain from the international market.

**Public Security Minister on Social Order**  
*HK1804130289 Beijing RENMIN GONGAN BAO  
in Chinese 4 Apr 89 p 1*

[Report: "Minister of Public Security Says It Is Necessary To Have a Correct Analysis of the Social Order Situation"]

[Text] Interviewed by reporters from RENMIN GONGAN BAO and FAZHI RIBAO on 1 April, State Councillor and Minister of Public Security Wang Fang said: On the whole, the present situation in public order is stable throughout the country, but there are quite a few problems which pose a serious threat before us and merit great attention.

Wang Fang said: Actually, how should we analyze and judge the situation in social order? I think we have several basic criteria. First of all, viewed from the need of maintaining the political and social stability in the country, the political situation has been stable in China. Some 1,000 incidents of different types affecting social stability took place in this country last year, including the Lhasa riots and workers' strikes and student demonstrations in some places. All these incidents were promptly and properly handled without getting out of control. Second, viewed from the occurrence of criminal cases, in China, a total of more than 820,000 criminal cases were placed on file for investigation and prosecution last year, a considerable increase in absolute figures over the previous year. This should be partly attributed to the actual increase in the crime rate and partly to our

efforts to eliminate improper filing procedures of criminal cases last year. Of course, there may be a discrepancy between the available number of recorded criminal cases and the number of cases that actually occurred. But, even if the number of recorded cases is double, it will only be as high as about 15 per 10,000, which is much lower than that in most countries in the world. Third, the social order in most areas is good or relatively good. More than 1.3 million cases concerning public security occurred in China last year. There is no way to compare this figure with those in other countries because some acts which are strictly banned in China, like prostitution; manufacturing, selling, and distribution of pornographic products; and gambling, are not illegal in many foreign countries. Therefore, on the whole, the present situation of public security in China is stable. Of course, we are still facing some pretty serious threats and we must not lower our guard, mainly because there are quite conspicuous problems concerning social order in some areas and in certain fields, for example, the occurrence of major criminal cases has been on the increase, and social order in some places is deteriorating. Public opinion polls conducted lately in Heilongjiang and Shanghai indicated that 20 percent of the interviewees believed that social order was unsatisfactory.

Wang Fang said: The social order problem is a comprehensive indication of the negative aspect of all kinds of social contradictions. Related to the political, economic, ideological, cultural, moral, and other fields, this problem cannot be regarded as an isolated one. It will be impossible to approach it within the realm of social order alone. It is wrong to attribute the increase in occurrence of social order cases to the reform and the opening-up process, but it is also wrong to say that the reform and opening up has nothing to do with the deterioration of social order. We pursued a closed-door policy in the past. But, nowadays, human, financial, and material resources are widely circulating within the country. Since some grass-roots organizations are impotent and the political and ideological work has been weakened, quite a number of people have been demoralized while enjoying higher living standards. Apart from these domestic factors, we can also find some external factors, for example, the infiltration of secret societies into China, and the attempt by some foreign hostile forces to stir up turbulence and to introduce foreign political systems in our country. The Lhasa riots, which were backed up by international forces, are just an example.

Talking about this year's public security work, Wang Fang said: It is necessary to strive for better social order this year. We will continue to deal severe blows at serious criminal offences and do our utmost to raise the detection rate. In particular, we must sternly deal with fleeing outlaws involved in serious criminal activities and concentrate our attention on improving public security in large- and medium-sized cities, along main communications lines, and in open coastal areas. Wang Fang said: In order to solve the problem of social order once and for all, we must introduce a comprehensive program for enhancement of public security. While continuing to

deal severe blows at criminal elements, we must attach greater importance to preventive measures. As far as safeguarding public security is concerned, it is not enough to solely depend on public security departments. We definitely must introduce a comprehensive program for enhancement of public security, mobilize governments at all levels and all departments concerned to make concerted efforts, and build up a preventive system based on the support of the whole society. Public security organs, for their part, must actively and cautiously further the on-going reform, and the public security work must be shifted from static administration to dynamic administration so as to keep up with the developing situation and ensure a good social order.

**Family Planning Minister on Population Awareness**  
**HK1904030389 Beijing RENMIN RIBAO in Chinese**  
**14 Apr 89 p 5**

[Article by reporter Ai Xiao (5337 4562): "I Hope That Everyone Will Consciously Carry Out Family Planning—An Interview With Peng Peiyun, Minister of the State Family Planning Commission"]

[Text] Doudou is a second-year student in a primary school. This 8-year-old boy must squeeze onto the public bus every day when he goes to school. Because he has this painful "struggling" experience, he is particularly fond of the television series "Do Not Squeeze!"

But does he really have an awareness of population?

"Yes! China has too large a population; it needs family planning. My grandmother is working on it every day, but it is difficult," Doudou said.

Doudou's grandmother is Peng Peiyun, minister of the State Family Planning Commission. The day before yesterday, in the afternoon, I listened to her in her 12-square-meter office.

"As one of the seven issues of most concern to the people throughout the country, population control was this time written into the National People's Congress resolution. Party and government officials at various levels have further realized that the solution of this big issue cannot depend solely on the Family Planning Commission, and that it is time for the party and government to do their utmost to grasp the issue. The State Council has decided that from now on each province must announce its main population figures each year. The governor of Henan, Cheng Weigao, took leave of absence for 4 days during the People's Congress to return to Zhengzhou to sign a document on population target management responsibility. At present the senior leaders in most of the country's provinces, cities, and autonomous regions have started work. I think when there is a rise in awareness of population among the people, our work situation will improve," she said.

This chief, whose professional duty is to oversee "family planning" and who works more than 10 hours every day and rarely rests on Sunday, indeed has a difficult task. She says: "We indeed face a grim situation in the population problem, but I do not agree with descriptions like 'big explosion' or 'big crisis.' We can be neither blindly optimistic about the population trend, nor disappointed and pessimistic about it. In fact, from the early 1970's to the present, there were 200 million fewer births than would normally be expected. This world-renowned achievement is the result of joint endeavors by our party, state, and people. Since the 3d Plenary Session of the 11th CPC Central Committee, we have had explicit and determined guiding ideas on the population problem, and have accumulated comparatively abundant experience. We should, and can, do the job of family planning well. As a professional family planning administrator, I hope more people will strengthen their confidence and self-consciously carry out family planning, so as to make it possible to realize the population target for the end of this century."

"It is only a few years from now to the end of this century. Is it better to adopt some 'resolute and decisive' measures?" I asked.

She said: "The present family planning policy has been formulated by the central authorities; it must be strictly enforced and cannot be relaxed or tightened. I firmly believe that so long as we steadily carry out this policy, the trend of the population increasing too rapidly in China can be controlled. At present the key problem is that the family planning policy has not been carried through. The key tasks and difficulties of China's family planning endeavors lie mainly in the rural areas. Only when Chinese rural characteristics in the present stage are fully understood, and when people devote themselves to the enterprise with a sense of mission, can the policy be effectively carried through. It is impossible to seek results at once or to simplify the issue."

I asked: "What work do we need to do now to control population growth in the rural areas?"

"First, propaganda and education must reach the village households. In recent years, in most cities and towns, the propaganda has been well-known, whereas in the remote and poor rural areas no mind-enlightening propaganda and education could be heard. Those peasants who are giving birth to babies one after another do not know how to raise a healthy and intelligent child. There is the phenomenon that the more ignorant people are, the more babies they have, and the more babies they have, the poorer they become. That is a vicious circle," she said.

"Second, there should be a series of corresponding measures. For example, family planning should be treated as an item for helping the poor, and be implemented, inspected, evaluated, and completed with other items. In this way, when poverty is eradicated, the goal of population control is simultaneously achieved," she continued.

"Will it be more difficult to carry out the task at the basic level?" I asked, knowing that Peng Peiyun has traveled great distances all over the country to see the real situation in less than a year.

"Yes! Imagine, when a baby is born, follow-up attention must be paid to the matter of contraception for each woman for 20 or 30 years! There are now 160,000 professional cadres devoted to family planning in the country, and although they face great difficulties in their work, they carry out the work patiently, painstakingly, and seriously in the most responsible manner. Comparatively speaking, our government departments have not given them enough care with regard to their living conditions or raised standards for them technically or in terms of policy. In particular, because their efforts are often misunderstood, they must often make great personal sacrifices, which society as a whole has not realized," she said.

There are still many delicate technical jobs to be done, and Peng Peiyun said: "In fact, the more than 20 contraception methods often used in our country are very effective. So long as they are properly used, the goal of family planning can be achieved. The techniques of contraception for men are especially recognized as advanced by world standards. The problem is that there is not enough propaganda."

When I left, Peng Peiyun smiled and told me that the legislative work has been speeded up, and it is predicted that we can have the "family planning regulations" before the end of this year.

**Education Commission Issues Supervision Circular**  
*OW1804091389 Beijing XINHUA Domestic Service  
in Chinese 1317 GMT 14 Apr 89*

[From the "Local Broadcast News Service"]

[Text] Beijing, 14 Apr (XINHUA)—The State Education Commission recently issued a "Circular on Five Items in Supervising and Inspecting Education Work in Middle and Primary Schools" in a bid to bring about marked changes in difficult issues of common concern to the general public and to create a good educational environment.

The "circular" calls for supervision and the inspection of five points with regard to education work in middle and primary schools nationwide. Its major contents are:

1. Inspecting the increase in educational funds and the implementation of the policy on teachers' remuneration;
2. Inspecting the renovation of rickety and dangerous school buildings;
3. Inspecting the improvement in the situation of middle and primary school students quitting school;
4. Inspecting the correction of the problem of the unauthorized collection of school fees; and

**5. Inspecting the preliminary implementation of the "CPC Central Committee Circular on Reform and Improving Moral Education in Middle and Primary Schools."**

The circular emphasizes that the work of "five checks" should be carried out in accordance with the "PRC Law on Compulsory Education"; the "CPC Central Committee Decision on Reform of Educational System"; the "CPC Central Committee Circular on Reform and Improving Moral Education in Middle and Primary Schools"; and relevant laws, regulations, and policy documents formulated by relevant departments of the State Council and local governments. In the course of their supervision and checking, the people's governments of every province, autonomous region, and municipality may formulate relevant provisions, rules, and regulations as required in actual practice.

**Entrepreneurs Worry About Regression To Old System**  
*HK1804070189 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0832 GMT 13 Apr 89*

[*"Chinese Entrepreneurs Worried About Regression to Old System"—ZHONGGUO XINWEN SHE headline*]

[Text] Guangzhou, 13 Apr (ZHONGGUO XINWEN SHE)—What are the mainland entrepreneurs worrying about? The manager of Beijing Construction Project Machinery Factory, Li Dalin, said: "The administrative interference from the old system is still tying up entrepreneurs and restricting the energy of enterprises. A factory manager is controlled to the extent that he cannot even buy a 100 yuan desk at his own discretion. At present, the system and strength of administrative measures can only make people worry about regression to the old system." The words of this factory manager can effectively represent the thoughts of more than 100 entrepreneurs from various parts of the country who have recently gathered for talks in Guangzhou.

A reporter conducted a secret ballot of 20 entrepreneurs in the meeting, with results indicating that 70 percent of the entrepreneurs think the present measures of rectification are far from perfect, and that if perfect and corresponding measures are not firmly grasped, not only is it impossible to achieve the predetermined goal, but there is also the danger of regression to the old system. The state-run Huanghe Machinery Manufacturing Factory is a big enterprise producing "Huanghe" color television sets and refrigerators. The factory manager, Zhao Peiti, said: The higher department has arbitrarily reduced the production of the factory from 360,000 sets last year to 210,000 sets this year by a sharp "cut," and there is a serious shortage of picture tubes. The contracts signed by him simply cannot be realized, and it has become difficult to run the enterprise. From many such concrete examples, the entrepreneurs have reached this conclusion: From China's many years of experience and lessons, this rule exists in economic work: It is easy to use administrative measures, but difficult to use economic

rules; it is easy to cause the economy to stagnate, but difficult to invigorate it; it is easy to restrict the energy of enterprises, but difficult to strengthen it; and it is easy to check people's eagerness, but difficult to arouse it. Some "mothers-in-law" in some departments have unconsciously slipped back to the old order. Therefore, the entrepreneurs appeal, rectification means deepening reform, not returning to the old order. It is hopeless if we turn back.

According to our information, the entrepreneurs who participated in the meeting have submitted proposals

and a report summary to the CPC Central Committee and the State Council, calling on government departments at various levels to avoid the old practice of "cutting across the board." We must not embark on the path which leads to nowhere, and some relaxed measures must be allowed to exist with the rigid ones. We must note the relative continuity and stability of the rectification policy, and avoid big rises and sharp drops. We must also keep an eye on protecting the eagerness of entrepreneurs and workers, and maintain the energy and staying power of the enterprises for further development.

## Economic & Agricultural

### Economist Comments on Liberalizing Exchange Rates

OW1804104689 Beijing XINHUA in English  
0932 GMT 18 Apr 89

[Text] Beijing, April 18 (XINHUA)—China should prepare for the liberalizing of exchange rates sooner or later, a noted economist said here today.

"But conditions are still not ripe for China to free exchange rates," said Professor Li Yining, of Beijing University, at the international symposium on development strategies for Third World countries, which opened here today.

According to Li, who is a member of the National People's Congress Standing Committee, the Chinese Government should open its foreign exchange market, gradually allow foreign banks to do business in China, give more power to local authorities in the administration of foreign currency, set up more financial institutions to engage in foreign exchange business and speed up the reform of the country's foreign trade system.

Double-tiered exchange rates are now in effect in China. The official exchange rate is 3.72 renminbi yuan to one U.S. dollar while the exchange rate on the black market is about twice as much in favor of the dollar.

Li said that from the long-term point of view, a unified exchange rate should gradually replace the existing system and control over foreign currency should also be relaxed step by step until it is totally lifted.

"This is a natural trend in the development of the commodity economy, he said. "Anyone who has seriously studied the Chinese economy will support this argument."

Referring to the conditions for liberalizing exchange rate, the professor mentioned mechanism to restrain the interests of the producers, especially manufacturers of export commodities, and better supply of goods in the domestic market and a big increase of export commodities.

He said that those who have cash or bank deposits should be given more opportunities to obtain properties. Finally, the state should have ample foreign exchange reserves.

"Without these, liberalization of exchange rate could only lead to an economic disorder," he said.

The professor also said that people should not expect a hasty devaluation of the Chinese currency because the overall situation of China's national economy must be taken into consideration before any devaluation takes place.

### Proliferation of Conglomerates Cited as Trend

OW1704071989 Beijing XINHUA in English  
0107 GMT 17 Apr 89

[Text] Beijing, April 17 (XINHUA)—Conglomerates, now numbering 1,500, are multiplying quickly in China's drive for economic reform.

They are becoming the backbone of the national economy and are strong competitors in the world market.

Among them are two automobile groups, the first automobile plant in Jilin Province and the second automobile plant in Hubei Province, each with more than 100 subordinate production and research units. The value of their combined output is more than two thirds of the state's total.

The Saige electronics industrial group based in Shenzhen, one of the special economic zones in China, has become a company of world significance and has established co-operative relationships with more than 100 companies in dozens of countries. Its electronic products have entered foreign markets and its production value now accounts for more than one sixth of China's total in the field.

The number of refrigerators produced by the Wanbao electronic group, one of the eight biggest refrigerator producers in the world, now exceeds one million, making it China's leading refrigerator manufacturer, and one third of its output is exported.

Industrialists say that these three groups represent a new trend in Chinese industrial development. Although conglomerates are still small in number, they note, they are developing rapidly and undoubtedly have bright prospects.

China's first conglomerates appeared in the machinery, electronics and textile industries and later expanded into other areas. South China's Guangdong Province has 240 of them, the highest number in the country. East China's Shanghai Municipality comes next with 163.

Zhang Yanning, vice-minister of the State Commission for Restructuring the Economy, said: "The structures and functions of some 10 percent of China's conglomerates are coming on well. Their operation and management are co-ordinated and the links between them are strong."

He said the development of such business groups is conducive to economic restructuring and to the application to production of advances in scientific research.

However, there are still problems in the development of such groups, Zhang said. Some exist more in name than in reality. Some are just loosely integrated complexes while others are similar to administrative departments.

"What we should do next," Zhang says, "is perfect the present business groups and make full use of them."

He said the already established groups should enlarge themselves by takeovers, contracting and leasing. Their rights to handle their own affairs should be expanded in line with their undertakings.

**Overseas Investments Continue to Increase**  
*HK1704015889 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 17 Apr 89 p 1*

[By staff reporter Qi Hongmin]

[Text] China's overseas investments are continuing to grow this year, but 10 percent of the businesses have failed to show profits due to lack of experience and other problems.

In the first three months of this year, the establishment of 32 new overseas investment projects was approved by the Ministry of Foreign Economic Relations and Trade (MOFERT).

This has brought the total number of China's equity or contractual joint ventures and wholly-Chinese operated companies in other countries to 558, according to a MOFERT official.

The total agreement value of the 32 new projects came to \$37 million, of which Chinese investment exceeded \$20 million.

Because of cash shortages at home, Chinese investment in this year's new projects has largely been in the form of labour, technology and equipment.

"This is in contrast to the monetary investments of previous years," said the official, Liu Zhiben, deputy director of Mofert's Department of Foreign Economic Cooperation.

Liu said that most of the 32 projects approved were small and medium-sized enterprises in the fields of production and processing of towels and metal articles.

They also include construction projects, consulting services and tourism, he said. These new projects are located in 16 countries and regions such as the United States, Japan, Thailand, Australia, Mexico, the Philippines, Brazil and Zambia.

Overseas investment was unheard of during China's three decades of isolation.

But since the economic reforms began a decade ago, China has invested in more than 80 countries and regions. Her overseas businesses range from a restaurant in Africa to the huge Channer Mine in Australia.

Liu said that because of the emphasis this year on investment in the form of labour and technology rather than money, MOFERT is looking at small and medium-sized but profitable enterprises "which can promote the export of labour, technology, materials and products."

To avoid blind investment, the deputy director said, marketing surveys and research into projects under consideration have been conducted extremely carefully.

As for existing enterprises, Liu said, the government would take steps to reorganize and strengthen their management and operational strategy.

"Although China's overseas investments in the past 10 years have created considerable global assets for the country thanks to the open policy, problems remain," he said.

Lack of experience, inability to adjust to fast-changing market conditions and out-dated management methods make it hard for Chinese investors and managers to compete with their foreign counterparts.

Although most of the overseas enterprises are profitable, Liu said, about 10 percent are running at a loss.

"For those badly in the red, the government has decided to terminate their business. Up to now, about 30 to 40 such enterprises had been ordered to shut down," Liu disclosed.

Most of these were small and medium-sized enterprises, he said.

The country's retrenchment programme would promote, not hinder China's future overseas investment, he said. But, he added, the country will assert "appropriate" controls over the scale and number of new overseas ventures.

**Trade Deficit Climbs Higher in First Quarter**  
*OW1504215689 Beijing XINHUA in English  
1514 GMT 15 Apr 89*

[Text] Beijing, April 15 (XINHUA)—Despite a 15.53 percent growth in China's foreign trade in the first quarter of this year, a sharp increase in imports, which doubled that of exports, pushed up the country's deficit figure even higher.

According to the latest statistics released by the General Administration of Customs, China's foreign trade totalled 21.216 billion U.S. dollars in the period.

Exports in the three months reached 9.663 billion U.S. dollars, a rise of 9.35 percent over the figure for the same period in 1988, while imports went up 21.26 percent to hit 11.553 billion dollars.

The deficit of 1.889 billion U.S. dollars is almost three times the 691 million, U.S. dollars for the same period last year and slightly exceeds the figure for the first seven months of 1988.

Local analysts attribute the greater trade imbalance to the shortage of domestic supplies, which pre-empted the growth of exports and led to sharp increases in the imports of raw materials and consumer goods.

Among the 11 commodities whose export value [word indistinct] 100 million U.S. dollars in the period, grain, crude oil, refined oil, cotton fabrics and polyester-cotton fabrics suffered drops in export value compared with results in the first quarter last year.

Although less timber and wool were imported, marginal increases were recorded in the import of eight other major goods, the import value of each of which exceeded 100 million U.S. dollars.

The customs statistics show that Hong Kong still remained China's biggest trade partner at the end of March, followed in order by Japan, the European Economic Community and the United States.

Although holding a favorable balance of trade with Hong Kong, whose imports from the mainland outgrew its exports, China suffered imbalances in trading with other big partners and the growth rate of its exports to them fell short of matching that of its imports.

#### Experts Urge Farm Labor Regulation Policy

OW1804012289 Beijing XINHUA in English  
1353 GMT 17 Apr 89

[Text] Beijing, April 7 (XINHUA)—The hundreds of thousands of farmers who flocked to Chinese cities in search of jobs after the Spring Festival, only to be sent home again, have set the experts thinking.

Statistics show that the cultivated areas of China diminished from 100 million hectares to 93 million hectares between 1952 and 1988, while the rural labor force increased from 110 million to 400 million.

The "PEOPLE'S DAILY" reported recently that a sample survey indicated that 40 percent of farmers are "unreported unemployed."

In past years, the majority of farmers would rather stay at home and be partly occupied than go out in search of their fortunes, for they took it for granted that life would be hard and miserable if they left their home district.

Since 1979, when the rural economic reform program was introduced, the farmer's life has greatly improved and his outlook has been widened as well. Farmers who were not satisfied with their original way of life bade farewell to their land, either running factories, going into business, or flocking to cities.

The paper says that when asked why they left their home districts, the farmers' reply was usually something like: "There were more opportunities in the cities." But, to the enthusiasm and initiative of farmers the cities seemed indifferent.

The economic recession made it impossible for businesses to provide extra jobs for farmers. Indeed, some businesses had to cut down their own staffs.

The abandonment of many construction projects led to the unemployment of farm workers and, faced with such circumstances, cities like Beijing and Guangzhou took measures to send farmers back to their own districts.

What can the farmers do? They were induced by the market economy to leave their homes and were sent back again. It is obvious that they did not want to go back home.

In the past 10 years, the paper says, township businesses have been able to absorb 90 million farmers. Where can the extra farmers go?

There are hundreds of thousands of hectares of waste-land and barren hills in the country. By exploiting these areas, 4 million of the rural labor force can be employed each year.

In addition, such basic tasks as improving land, establishing water supplies, and building highways can also absorb some of the surplus labor.

Yang Ji, deputy president of the Council of the China Energy Research Association, thinks that in the next 10 years, the construction of power stations and reservoirs in south China's Jiangxi, Fujian, Zhejiang, Hainan, and Anhui provinces could employ surplus labor.

These suggestions, says the paper, show that there is potential in the countryside. The problem is one of policies—of how to adjust the demand and supply of labor.

Cities, too, need farmer workers, for there the dirty, tiring, and hard manual jobs have no one to do them.

For instance, in Beijing, the city's textile industry needs thousands of farmers to do the hard manual jobs, and the city's urban engineering bureau can also use 1,000 such workers each year.

In cities, says the paper, more and more workers have become unemployed while factories cannot find enough staff. Closing the door to farmers will not solve the problem.

The paper says that a unified labor market should be established to regulate the flow of the labor force and to meet the needs of both job-seekers from the countryside and industries in the cities.

**Improvement Called for in Reorganization of Labor**  
*HK1704014889 Beijing CHINA DAILY in English*  
*17 Apr 89 p 4*

[By Zhao Lijuan]

[Text] Last year, the whole nation was talking about the optimum reorganization of labor forces and comments filled the Chinese press encouraging the practice.

In Beijing alone, some 5,000 state-run and large collective enterprises were reorganizing their labour forces in the interests of greater productivity.

The country used to stimulate workers' incentive through ideological education and imbued the workers with a sense of contributing to the country.

When a commodity-based economy was begun in the early 1980s, many enterprises tried to reward good performance by bonuses. However, the practice proved to be too expensive.

The restructuring was made at a time when the employment system had to be reformed and competition among workers was evident.

Despite its advantages, which have been fully reported in the press, the new practice has to be improved, or, as Wang Aiwen from the Institute for Labour Studies under the Ministry of Labour puts it, "Optimum reorganization of labour forces must be standardized."

According to Chinese tradition, a new policy is always carried out on a nation-wide scale, as has been in the case of reorganization. The enterprises are forced to adopt hasty reorganization measures without understanding of its real meaning.

In some cases, the government set certain numbers of so-called surplus workers who should be removed from their work posts at some businesses. As the latter had to meet quotas, their initiative was greatly frustrated.

In the process of reorganization corrupt tendencies developed. For example, some leaders appointed their staff members not on merit, but on the basis of favouritism, and got rid of those who were not obedient.

At the same time, many key technological workers at state-run factories tried to be dismissed so that they could find better-paying jobs, while some who had been dismissed pestered or even threatened their leaders.

In a recent interview with CHINA DAILY, Wang said it is time to clear up misunderstandings about optimum reorganization.

Optimum reorganization means to reorganize productive elements, which should be conducted according to the specific conditions at different enterprises.

Enterprises themselves should decide if it is necessary to reorganize their labour forces, take responsibility for and enjoy the results of the new policy.

In a word, the reorganization should be conducted by the enterprises on a voluntary basis. The role of the government must change from pushing the enterprises to giving them consultation and service.

It should be made clear, Wang pointed out, that reorganization is not limited to reforming work systems, that is, it is not a policy that involves many participants and is finished in a short time. Instead, it should become a regular practice.

In order to gain and retain an advantageous position in market competition, enterprises will have to frequently reorganize work elements and economic resources to reduce costs and improve efficiency.

One result of reorganization is that it has helped turn those who occupied work posts but had no work to do, into unemployed people. But the problem is, who should care for them?

Tu Ping, another young researcher from the Institute for Labour Studies, talked about the problem.

The government used to shoulder the problem of keeping people employed and 100 workers would do a job that 80 people could handle. Traditionally, China did not admit the presence of joblessness.

Reorganization was carried out even though the country did not have a balanced labour market and the government was not able to find other jobs for those dismissed. So the businesses had to care for surplus workers by themselves. To complete the assigned reorganization, businesses had to spend a lot for the surplus workers.

So some enterprises did not welcome the new policy and treated it as a mere formality. Most employees remained at their posts.

Many enterprises set up their own trade companies or returned items which had been processed by other factories in order to find jobs for their surplus workers.

This encouraged the tradition that enterprises form self-contained communities—they take care of their employees in every aspect, including living conditions and the employment of their children.

There has not been a satisfactory way to solve the problem of surplus workers, as China has such a large population and unemployment is inevitable. But there are a few steps that might improve the situation, Tu suggested.

One is to improve society's labour market to alleviate the enterprises' burden. Also the service companies set up by many enterprises for their surplus workers can be united so that they will bring about long-term benefits.

Another is to train those who are removed from their posts with low pay and frequently reorganize the employees. In this way, the employees will have constant pressure on them.

**Regulations on Handling Price Violations Issued**  
*OW1604131089 Beijing XINHUA Domestic Service in Chinese 1350 GMT 12 Apr 89*

[Local Broadcast News Service]

[Text] Beijing, Apr 12 (XINHUA)—Recently the State Price Bureau issued "Regulations Governing the Handling of Price Violations (for trial implementation)."

The regulations contain, among other things, procedures for handling cases involving price violations. The regulations point out that, in addition to violations not detected by price inspection departments, cases of price violations that will be handled by authorities include violations reported by the people or uncovered by workers' or neighborhood price monitoring groups.

The regulations also point out that in the case of a violating unit which refuses to pay a fine within a time limit, the organ which metes out the punishment should instruct the bank with which the violating unit has an account to have the fine paid from its account. If the unit does not maintain an account, or has no money in the account, the organ concerned will have the power to sell the property of the unit in question to have the fine paid.

**Government Plans To Establish New Tax System**  
*OW1804213989 Beijing XINHUA in English 1543 GMT 18 Apr 89*

[Text] Beijing, April 18 (XINHUA)—The Chinese Government is preparing to establish a tax system to make clear the division of tax revenues by the central government and by local governments. Vice Minister of Finance Liu Zhongli said here today.

Correspondingly, a new budgetary system will be established based on the new tax system, Liu said at the international symposium on the reform of fiscal and tax systems held in the Chinese capital.

He said that the new tax system is aimed to further ensure the balance between the revenue and expenditure in both the central government and local government budget plans.

Under the new tax system, taxes will be classified into central tax, local tax and tax shared by both the central and the local governments, Liu said.

Responsibility of governments at each level on the management of tax revenues will be made clear in the new tax system, he added.

In addition, Liu said, under the new budgetary system, the central government and local governments will make their own regular, construction and debt budget plans and submit to people's congresses at corresponding levels for approval.

He also disclosed that China will formulate a budget law to ensure the implementation of the budget plans worked out by governments at different levels.

Over the past decade, he said, the reforms in the taxation and budgetary management systems have brought into full play the initiative of local authorities and the leverage function of taxation.

However, problems still exist in China's taxation and financial management, Liu said, citing that the central government and local governments vie with each other for financial resources.

As a result, he said, tax revenues of local governments have been on the rise while tax revenues of the central government on the decline.

**Liu Zhongli Addresses Tax Reform Symposium**  
*OW1804213589 Beijing XINHUA in English 1455 GMT 18 Apr 89*

[Text] Beijing, April 18 (XINHUA)—An international symposium on the reform of fiscal and tax systems, aimed at providing fresh ideas and policy options for China's continuing reform, opened here today.

In his opening address, Liu Zhongli, vice-minister of finance, said the reform of China's fiscal and tax systems now faces some challenging difficulties despite the remarkable achievements made in the past decade.

On behalf of State Councillor and Finance Minister Wang Bingqian, Liu invited the Chinese and foreign scholars and government officials attending the symposium to offer suggestions that will help the Chinese leadership to further its reform.

The symposium, jointly sponsored by the Ministry of Finance, the World Bank and the United Nations Development Program, is the first of a four-part series, which also includes discussions on the management of state assets, reformulation of budget laws and debt management.

Jene Tidrick, head economist of the World Bank's China Department, said that tax reform as a fiscal policy is not only essential to China's long-term reforms but also an integral part of the government effort to control inflation.

Tidrick described the reforms of price, business and taxation as the three legs of a stool: without one the two other reforms will collapse.

China's present tax system needs further reform, the economist said, for it limits the flexibility of fiscal policy and has not yet put the country's businesses under hard budget constraints.

**First Quarter Tax Collection Short of Target**  
*OW1804115989 Beijing XINHUA in English*  
*0808 GMT 18 Apr 89*

[Text] Beijing, April 18 (XINHUA)—More than 56 million yuan in personal income taxes was collected by the state in the first quarter of this year, 1.5 times more than in the same period of last year, today's "PEOPLE'S DAILY" reported.

However, this is still short of the target, and the State Administration of Taxation has called for effective measures to be taken by local taxation bodies to collect outstanding taxes, the paper added.

The paper reported that provinces such as Guizhou, Yunnan and Jilin have collected up to 40 percent of their annual taxation quotas. However, Hainan and Henan Provinces, and the Inner Mongolia Autonomous Region have only collected about six percent of the required annual amount.

Local taxation organs should take special notice of big tax evaders such as individual contractors, the paper quoted the State Administration of Taxation as saying.

**Importance of Grain Production Emphasized**  
*OW1804225189 Beijing GUANGMING RIBAO*  
*in Chinese 18 Mar 89 pp 1, 4*

[Article by Di Huisheng (5049 1920 3932), entitled "To Have a Full Granary, We Must Pay Attention to Agriculture—a Correspondence on the Grain Issue"]

[Text]

**Care for the "Feelings of Peasants"**

In addition to color TV sets and refrigerators, the "hot topics" of discussion one currently can hear among sensitive city dwellers are the following: Why have we not seen rice available in the market for a long time? Why has "Fuqiangfen" [1381 1730 4720; Fuqiang is a brand of wheat flour], which was unlimited in market supply several years ago, become "a commodity item supplied only during festivals?"

We must acknowledge that China, where the "grain issue" has been a major concern for 40 years, is once again put in a tight spot in terms of the "grain issue," just when we are ready to welcome the advent of the 1990's with the march to become a comfortably well-off state.

According to the information revealed by the Ministry of Agriculture last year, except for sugar-bearing crops, whose production increased over that of 1987, the total output of grain, cotton, and oil-bearing crops dropped in varying degrees compared with that of 1987. Grain production in 1988 was 8.55 million metric tons less than that of 1987. According to statistics by the Ministry of Commerce, the amount of grain purchased, including grain purchased at contract price and at negotiation price, decreased 2.3 percent as compared with 1987.

Grain production in China has been stagnant for 4 straight years since 1985. Partly because of stagnant production and partly because of a rapid population growth of 61.39 million, our per capita grain consumption dropped to 359 kg from 393.5 kg. Undoubtedly, our goal of having 500 billion kg of grain production per year and 410 kg per capita grain consumption by the end of this century is faced with a serious challenge. As we all know, at a time when our people's demands for grain and other foodstuffs such as meat, eggs, fish, milk, and other animal products are increasing, the above-mentioned assumptive figures are but a minimum requirement for us to go from a life with enough food and clothes to a comfortable life.

It stands to reason that people want to blame the poor grain production on bad weather. According to the statistics released by the Ministry of Civil Affairs, 11 provinces and regions—including Hunan, Hubei, Henan, Shandong, Guizhou, Yunnan, Zhejiang, and Jiangsu—suffered from droughts, floods, earthquakes, typhoons, and frosts. These natural disasters, with damages ranging from mild to serious, led to less production or even no production at all in some major grain production areas.

However, in his talks the other day, He Kang, minister of agriculture, provided us with the following figures, which reflect another point of view and which are worthy of our attention: Farmland areas used for growing grain crops decreased by 20 million mu last year, the second smallest crop-planting acreage next to that of 1985 since the founding of the PRC. Therefore, grain production decreased about 5 million metric tons. Out of this 20 million mu, 10 million mu of farmland was not used in planting grain crops because of low enthusiasm among the peasants to grow them. As a matter of fact, quite a few plots of farmland designated for growing grain crops are under extensive cultivation or have even gone fallow. Moreover, in some areas, the persons who till the land are called "386160 station troops;" that is to say, they are women ("38"), children ("61"), and retired old men ("60") [Women's Day is celebrated on March 8—38, Children's Day is celebrated on June 1—61, and the current retirement age in China is 60]. Meanwhile, the young and strong peasants composing the "field army" have traveled south to Guangzhou or north to Beijing and Tianjin, or are roaming the streets of various large or middle-sized cities, doing jobs such as repairing shoes or sewing; or they have become carpenters, peddlers, or short-term hired laborers.

The phenomenon of so many peasants-turned-workers can be interpreted as an awakening of peasants in a commodity society. It is also the result of surplus laborers in rural areas finding their own ways of making a living. However, many agricultural experts have warned us: For a large country with 1 billion people to feed, the number one job is to solve the food problem. Along with a very low labor productivity in rural areas, some peasants appear to be thinking of doing something else for a change, which synchronizes with the stagnation in grain production. This, without a doubt, should be a warning sign to us.

#### Inquire After "The Feelings of Peasants"

Where has the peasants' enthusiasm gone—the enthusiasm for production that was initiated by the nationwide implementation of the system of contracted household responsibility related to output in 1980, and which pushed our country's long listless grain production to a new stage.

When interviewed by the reporter, Mo Weizhen, a peasant from Guangxi's Cangwu County, gave the following account: "My family contracted 8 mu of land last year. We spent more than 600 yuan in cash on chemical fertilizer alone, to say nothing of the money spent on pesticides, diesel oil, and manpower. After deducting the amount of grain delivered to the state according to the contract, we earned less than 800 yuan. We worked so hard for a whole year just for nothing."

A Henan peasant made this observation to the reporter: "The money I will get from growing 1 mu of land for 1 year barely equals what I will get from selling melons for a dozen days."

A peasant in Jiangxi's Xinjian county told the reporter: "We sell the grain to the state at a negotiated price of 32 yuan per hundred jin, but we can get 40 to 50 yuan if we sell the grain to the neighboring provinces of Guangdong and Fujian."

A peasant in Hunan's Lanshan County spoke even more explicitly: "You may think that growing grain will never make one rich. But the volatile chemical fertilizer market, where prices are changing every day, has brought great profits to the people engaged in the chemical fertilizer sale. Chemical fertilizers are now being resold over and over again. The ultimate victims of this practice can only be us, who till the land. As it stands now, those who have connections can purchase chemical fertilizer at government prices; those who do not, at high prices."

A Yunnan peasant grabbed the reporter and said indignantly: "Some agrotechnique service companies think only of their own economic results and disregard the concerns of the peasants. The allegedly fine quality goods they provide us usually turn out to be of inferior quality, such as farm pesticides."

These "innermost feelings" of the peasants are quite universal. According to some investigations, in many places, peasants suffer losses of 20 yuan for every 100 kg of grain sold to the state at contract-set prices. Only 15 percent of all the grain-growing peasants across the country can acquire chemical fertilizer at government prices. According to a questionnaire conducted last year by the relevant department in the central government among over ten thousand farming households throughout the country, the disgruntled peasants' major complaints were: the prices of the materials for agricultural use rose and materials were not supplied on a timely basis; the state set low prices in its contract for the purchase of agricultural and sideline products and laid down heavy tasks for contracting peasants to fulfill; and various financial levies constituted too heavy a burden for the peasants.

Judging from this, we can understand that it is not without reason that some peasants had the couplet pasted on their door which read: "I will not buy chemical fertilizer at high prices or sell grain at government prices."

Experts at the Agricultural Economics Institute under the Academy of Agricultural Sciences maintain that the contradictions in the grain production, circulation, and marketing systems are what deflated the peasants' enthusiasm. They summed up the contradictions in three respects. First, there is the contradiction between the capacity of localities for the continued increase in grain production and their plan for local construction. In many areas around the country, land's utility [di li 0966 0500] is declining, and water conservancy facilities are outdated and have lacked repairs for years. In other words, the land lacks the capacity for continued production. Yet a lot of local leaders still believed in "relying on industry to make progress and in looking for achievements in urban construction," reluctant to put financial resources into agriculture. Second, there is the contradiction between the current grain policy and the program to improve the double-track system in grain circulation. Because of the fact that profits or losses incurred in grain circulation are directly related to local financial interests, many localities one after another have come up with various measures to distort the actual situation concerning the supply and demand of grain, such as "increasing quota upon quota in the grain acquisition contract," "closing down the grain market for a long time," or "enforcing a border blockade." A few localities even carry out the very unfair practice in which the local governments assume no responsibility for their failure to deliver to peasants the means of production provided by the state, and yet demand peasants who fail to fulfill the contract quota to pay back the differential between the government and negotiated prices. Third, there is the contradiction between the state's requirement for commodity grain production and the peasants' wish to get rich. After solving their food and clothing problems, peasants are anxious to become wealthy. However, the economic returns on other economic activities are higher than those on agricultural production. In agricultural

production, profits made from grain are lower than those from other agricultural products. Under the circumstances, those who have an eye on the commodity economy naturally aim "high" instead of "low," trying everything they can to pursue other lines of business with higher economic returns after they have grown grain sufficient for self-consumption.

For this, some people of insight have issued a call: In the 1960's natural disasters caused the people in the rural area, to starve to death. However, if the food crisis happened again, it is very likely that the urban population would starve first.

#### Conjure up the "Feelings of Peasants"

The United States reaped 1/6 less grain last year. To make up for the loss, its government subsidized farmers with a considerable amount of money. Japan has a surplus of rice production. However, to prevent the rice price from falling, the Japanese Government purchases rice at a protection price above the price in the world market.

"As a large, developing agricultural country, what kind of method can we adopt to encourage farmers who are hesitant to grow grain crops?" This is a question this reporter raised to an expert working for the Party Rural Policy Research Center.

"Undoubtedly, we must resort to the policy of reforms, and this is the only way out. There is no turning back." According to the explanation of this expert, under the present conditions of improving the economic environment and rectifying economic order, the state has adopted an "extending and strengthening, rather than curtailing and decreasing" strategy. On the one hand, we try in every possible way to increase investment in agriculture; on the other hand, we upgrade the purchasing prices for grain, cotton, and other agricultural products. We also increase the supply of fixed-price chemical fertilizers to peasants who signed contracts to sell fixed-price grains to the government. The experience and lesson of history tell us that agriculture must rely on a material foundation. However, if we have a material foundation without a forceful motive of interests as an impetus, the material force will be reduced greatly. Therefore, an organizational renovation is necessary.

According to this expert's opinion, the key to stimulating and stabilizing farmers' enthusiasm in farming lies in the establishment of a responsible contract system together with a mechanism of investment. The amount for agricultural investment is very large. It is not enough to depend solely on the government. Support from the great masses of peasants is necessary. It is known that the amount of savings in rural areas as of late 1988 reached 120 billion yuan. The cash that peasants have in hand amounts to at least 30 billion yuan. A new momentum will appear if peasants' creative independence is expressed in all facets of grain production. At the same time, we must establish a social service mechanism. This

mechanism would include the establishment of an agricultural production market which would link to markets on one hand and to peasants' households on the other. In other words, this mechanism would provide services before, during, and after production, in accordance with the principle of a commodity economy. In this way, we could not only guarantee the vitality of basic living cells—the peasants' households—but also induce them into a great socialized system of production to form a "great chorus" of commodity production. There is one more important factor,—to get agricultural production onto the right track of science and technology. We must promote the per unit area yield through comprehensive and coordinating technologies, such as the expansion of crossbreeding, prescribed fertilizing, irrigation with water-saving methods, insect control, the preservation of soil moisture in dry land, and a variety of crops planted during a year.

Comrade Tian Jiyun told us recently: If our agriculture does not reach a new level, our livelihood will be impossible when the year 2000 arrives. If we do not have a good harvest this year, our lives will be very hard during the next two years.

We are looking forward to a prosperous and peaceful time for our people and our nation. We are waiting for a revival of agriculture.

In this deciding battle, we must call upon the support of our peasants. We must ask the society as a whole to pay attention to agriculture.

The foundation of a nation depends on the people; the people's livelihood depends upon food; and food comes from grain. We hope that all our people remember this!

#### Northern Drought Extends Through 10 Provinces

OW1704003789 Beijing Domestic Service  
in Mandarin 0930 GMT 16 Apr 89

[Text] According to a XINHUA NEWS AGENCY report, drought is posing a new threat to wintering crops in north China and causing great difficulties to peasants in spring farming activities. The departments concerned appeal to all localities to take more effective measures to combat drought and protect seedlings.

The Office on Preventing Floods and Combating Drought under the Water Resources Ministry today announced the drought-stricken areas in northern China. The 10 provinces and autonomous regions affected are Liaoning, Jilin, Heilongjiang, Beijing, Tianjin, Hebei, Inner Mongolia, Shandong, Qinghai, and Xinjiang, where some 148 million mu of crops have been afflicted.

Drought has caused damage to crops in northern China. Hebei, a major grain-producing province, has more than 44 million mu of drought-stricken farmland. In some localities, large numbers of seedlings have withered. In Liaoning, more than 23 million mu of farmland have been

affected. Most of the fields in this province are planted with dryland crop and paddy rice in rotation, and they account for more than 40 percent of the total acreage of farmland. In Inner Mongolia, more than 31 million mu of farmland are afflicted by drought, and some 5.97 million head of animals are without drinking water.

In most areas in northern China, reservoirs have little water in storage and temperatures are higher than in the same period of previous years. If these areas have not had fairly heavy rains in April or May, it will be more difficult to combat drought, protect seedlings, and carry on with spring farming.

A responsible person of the Water Resources Ministry hoped that departments concerned in all localities will take measures as soon as possible to help peasants effectively combat drought, protect seedlings, and sow their fields.

### More on Conditions

HK1704035789 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0347 GMT 13 Apr 89

[**"Drought in Northern China Is Getting More Serious"**—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 13 Apr (ZHONGGUO XINWEN SHE)—In April, most areas in China had less rainfall than normal, and the drought in Beijing, Hebei, Liaoning, and Shandong has become more serious.

According to the latest data offered by the State Meteorological Administration, in the first 10 days of April, there was basically no rainfall in most areas to the north of Huaihe. The rainfall in most of the areas where winter wheat grows remained at a low level after mid March. As the temperature rose, moisture in the soil evaporated more quickly. The relative moisture of the soil in many fields declined, and drought was thus aggravated. Drought exists to a different degree now in the Beijing-Tianjin area, in Hebei, Shandong, northwest and eastern Henan, Liaoning, northern Shanxi, northern Shaanxi, the Chifeng and Wumeng areas of Inner Mongolia. Drought in Beijing, Hebei, and western Liaoning is particularly serious. In Hebei Province, more than 400,000 mu of farm land is now afflicted by drought.

The temperature in most areas in China was higher than normal last winter and this spring. According to statistics, the average temperature in the first 10 days of April in northeast China, northern China, the Huanghe-Huaihe area, most areas in northwest China, and central Tibet was 2 to 4 degrees Celsius higher than the normal condition; while that in central and western Nei Mongolia, Beijing, northern Hebei, and northern Shanxi was 5 to 6 degrees Celsius higher. Most areas recorded the highest temperature of this period over the past more than 30 years.

According to the analysis of the experts, the hothouse effect has made the global climate warmer. The relatively high temperature in some areas in China is related to this effect. The departments concerned have paid more attention to the weather conditions and are trying to work out effective countermeasures.

**Finance Ministry Official on Farm Product Tax**  
OW1604115089 Beijing XINHUA Domestic Service  
in Chinese 1305 GMT 10 Apr 89

[**"Local Broadcast News Service"**]

[Text] Beijing, Apr 10 (XINHUA)—The State Council recently issued a circular urging all localities to collect taxes on special agricultural and forest products. A XINHUA reporter interviewed a responsible official of the Bureau for Collecting Agricultural Taxes under the Ministry of Finance on this question.

Question: How is the collection of special agricultural and forest product tax going?

Answer: Since the State Council issued "Some Regulations on Collecting Taxes on Special Agricultural and Forest Products" in 1983, we have made some progress in the collection of special agricultural and forest product tax. Collection of this tax, however, has been carried out unevenly nationwide. To this day, a few localities have yet to begin collecting this tax. Some localities that have begun collecting this tax have failed to implement the work thoroughly and large amounts of taxes were not collected. This state of affairs is not in keeping with the changed economic situation. Production of special agricultural and forest products has developed rapidly and their prices have risen sharply over the past 10 years. Profits from growing special agricultural and forest products have generally been higher than those from growing grain. In the past, however, tax rates for special agricultural and forest products were quite low; in some localities, they were even lower than rates for grain. This adversely affected the peasants' enthusiasm for grain production in these localities. Moreover, the contradiction of special agricultural and forest products growing encroaching on grain land has become increasingly sharper.

Question: What is the principal purpose of successfully collecting taxes on special agricultural and forest products?

Answer: The principal purpose of collecting taxes on special agricultural and forest products is to regulate profits from special agricultural and forest products and those from other agricultural products, and to promote the stable development of agricultural production, grain production in particular. At present, the price differences of agricultural products are irrational. Grain prices are rather low and increases in prices in the near future are restricted by our limited capacity, both financially and socially, to withstand such a price change. We must

employ other regulatory measures in addition to regulation by price to stabilize grain production. Comprehensive collection of the special agricultural and forest product tax is exactly to use tax as a lever in appropriately regulating the higher profit yielded by special agricultural and forest products and readjusting the agricultural structure.

Question: Why do we levy the special agricultural and forest product tax on general aquatic products and melons?

Answer: Production of melons and aquatic products has developed greatly over the past few years. From 1983 to 1987, the area of growing melons increased by 130 percent and output of aquatic products by 102 percent. Because profits from growing melons and raising aquatic products are relatively higher and melon cultivation in particular has encroached on grain land, we think it is necessary to impose the tax on these two types of products.

Question: Why is it necessary to impose a nationally uniform tax on fruit, aquatic products, melons, and timber?

Answer: According to regulations, the tax rate for special agricultural and forest products is between 5 and 10 percent, with a maximum of 15 percent. Tax rates for individual items are to be set by the various provincial, autonomous regional, or municipal people's governments. The rates set by the various localities have been rather low. To balance the tax burden and regulate production, we have decided to set nationally uniform tax rates of 10 to 15 percent for the the following three types of products yielding relatively higher profits. Timber is a staple product whose tax rates differ sharply from place to place. To protect timber resources, we have set a uniform rate this time. The output value of the above-mentioned four types of products will account for about 80 percent of the total output value of goods subject to this tax. Introducing a nationally uniform tax rate will help control these major sources of tax revenue.

## East Region

**Shanghai Issues Notice on Mourning of Hu Yaobang**  
*OW1804114989 Shanghai City Service in Mandarin*  
*2200 GMT 17 Apr 89*

[Text] We will now read you a notice from the Shanghai Municipal CPC Committee and the Shanghai Municipal Government:

Every citizen in Shanghai was greatly shocked and stricken with grief at the announcement of the bad news concerning the death of Comrade Hu Yaobang, a long-tested loyal Communist fighter, a great proletarian revolutionary, a statesman, an outstanding political commissar of the People's Army, and an outstanding leader who had held important posts in the party for a long time. Many types of activities have been scheduled to mourn his death.

In order to conduct these activities in a better way and with good leadership, the following notice is issued:

- 1) To maintain traffic order and to ensure that activities related to production, work, study, and daily life are conducted in a normal way, such mourning activities must be undertaken in an orderly fashion within the unit concerned.
- 2) The masses must be mobilized to transform grief into strength, to emulate Comrade Hu Yaobang's spirit of revolutionary dedication with actual deeds; to take the overall situation into account; to safeguard the stability and unity of Shanghai, to do a good job in production, work, and study; and to ensure the smooth implementation of the policies designed to improve the economic environment, rectify the economic order, and deepen reform comprehensively.
- 3) At this moment of grief, one must be alert and on guard against evildoers who may try to seize the opportunity to stir up trouble and to carry out sabotage. All sabotage activities will be severely dealt with by the public security and judicial organs.

**Zhejiang Secretary Speaks on Science, Education**  
*OW1404142189 Hangzhou ZHEJIANG RIBAO*  
*in Chinese 4 Mar 89 p 1-4*

[Speech by Li Zemin, provincial party committee secretary, at the provincial conference on science and technology and the provincial conference on education on 1 March 1989]

Comrades:

I have just begun working in Zhejiang. Right now I am both working and learning at the same time. Because I have not yet had the time to visit scientific research institutes, institutions of higher learning, enterprises, and the countryside to seek advise from comrades working there, I am afraid that I will not be able to offer you

any sound and specific views regarding science, technology, and education. Therefore, what is of major significance during these two meetings is the report by Comrade Zulun on behalf of the provincial party committee and the provincial government. I have read seriously the documents related to the two meetings, as well as materials on scores of models, and have been educated and enlightened by them. My talk will deal mainly with some supplementary views to those already covered by Comrade Zulun's speech. Some of my views have already been discussed by the provincial party standing committee. Some of my views are merely my own understanding, which I hope will be of use to our comrades as references.

First, on behalf of the provincial party committee, I wish to extend my heartfelt respect and thanks to a vast number of science, technology, and education workers for their hard work and important contributions in promoting Zhejiang's science, technology, and education, and in integrating education, science, and technology with the economy. At the same time, I also wish to extend my respect and thanks to leading comrades of the city and county party and government organs and economic departments who have attached great importance to science, technology, and education, as well as to personages in education and various social circles who have supported science, technology, and education. In particular, I wish to extend my respect and thanks to 11 county party committee secretaries and county (city) magistrates who will be commended by the province for their outstanding achievements in promoting education, and to comrades in scientific and technological departments who have made outstanding achievements in scientific, technological, and education work. The State Science and Technology Commission has attached great importance to our two conferences. Comrade Li Xue has come to attend and provide guidance to our conferences. Comrade Xue made an important speech on the first day of our meetings. It was a very good speech. I also wish to extend my thanks to him on behalf of the provincial party committee and government.

The conference on science and technology and the conference on education held by the provincial party committee and provincial government are two important meetings. The two conferences are not ordinary meetings aimed at planning tasks, but rather a specific step taken toward implementing, in a comprehensive way, the guidelines of the 13th National Party Congress, the 3d Plenary Session of the 13th CPC Central Committee, and the eighth provincial party congress. The conferences will emphatically study and plan for two important tasks in the new situation, specifically, how to place education, science, and technology in important strategic positions based on the reality of our province and in accordance with the guidelines of the 13th National Party Congress; and how to shift the emphasis of economic construction to stressing science and technology and raising the quality of the labor force. Both are issues of vital importance to our province's overall economic and social development.

Both the provincial party committee and government have attached great importance to the two conferences. Prior to their opening, Comrade Zulun personally attended to their preparations; Vice Provincial Governor Comrade Debao did a great deal of coordination work among the planning and economic commissions, the finance department, the science and technology commission, and the education commission; and the provincial party standing committee held two special standing committee meetings to discuss science, technology, and education. The provincial party standing committee maintains that the two meetings analyzed the provincial situation of science, technology, and education work in accordance with the guidelines of the 13th National Party Congress; summed up our own experiences in this regard, laid down a guiding ideology, unified the leadership's understanding, set a correct orientation for science, technology, and education; and solved the problem of how to integrate education, science, and technology with economic and social development with a correct guiding ideology, correct policies, and correct leadership. Of course, science, technology, and education are currently faced with many problems and difficulties, such as investment in education and the living conditions and salaries of teachers. Right now, the state authorities are studying these problems and shall come up with some policy measures based on the nation's economic conditions. Both the provincial party committee and government are also very concerned about investment in education. Prior to these meetings, the provincial government many times studied the question of investment in education. Comrade Zulun has just talked about the question of policy and regulations concerning investment in education. Party committees and governments at all levels should also pay attention to the problem of investments in education, science, and technology, do everything possible, and tap all available resources to solve this problem. However, in studying this problem, the provincial party standing committee should promote this view, which is that the education conference should not spend too much energy discussing these questions, be it the investment question or the question of improving living conditions and salaries for teachers. Solving these problems needs time, and in the final analysis, the solution shall depend on the state's material and financial conditions. The above are my views concerning the two conferences. It is also my first point of view which I want to talk about.

My second point of view deals with the reasons leading comrades of party committees and governments at all levels should pay attention to science, technology, and education, and how to do a good job in this task.

Generally speaking, our province has laid a good foundation in education, science, and technology, and the situation is good. Since the 3d Plenary Session of the 11th Party Central Committee, our province has made great progress and achieved marked results in science, technology, and education. Party committees and governments at all levels have continuously enhanced their understanding of the

strategic importance of science, technology, and education. They have made efforts of varying degrees in promoting scientific and technological progress; in integrating science, technology, and education with the economy; and in personnel training; they have gained and summed up their initial experiences in these endeavors. The general trend of development and reform of science, technology, and education is good. The general outlook of the scientific, technological, and education circles is also healthy. A vast number of educated people working in the scientific, technological, and education departments have made positive contributions to Zhejiang's economic and social development. But we also must be clearly aware of the fact that our province's science, technology, and education have failed to meet the needs of economic construction and social development; that the problem of science, technology, and education being divorced from the economy has not yet been fundamentally solved; and that science, technology, and education have not yet caught up with our province's economic development, either in speed or in scope. Last year, our province's total industrial output value was 100 billion yuan. Compared with other provinces and municipalities with approximately the same industrial output value, our province has lagged behind them in science, technology, and education. There are still many problems and difficulties facing our science, technology, and education undertakings. Compared with the world situation in the new scientific and technological revolution and the developed nations' scientific, technological, and education levels, we have lagged even farther behind. Of course, these difficulties, problems, and gaps have their historical reasons, and closing these gaps takes time. We also must see that the future development of science, technology, and education continues to be limited by financial and material resources as well as by factors in the current system. Therefore, we should not expect quick results; neither can we afford to wait, act slowly, or do nothing. Our leaders at all levels should be more aware of the urgency of and crisis in developing education, science, and technology.

In discussing problems and difficulties in connection with education as well as scientific and technological undertakings, the standing committee of the provincial party committee noted that among the many problems and difficulties, there are objective constraints as well as problems related to work and understanding; these problems can all be traced back to problems of leadership. What heads the problems of leadership is the problem of a leadership mentality. Here, I mean that leading comrades of party committees and governments at all levels and various economic departments as a whole, especially those chief party and government comrades of the province, cities (prefectures), and counties attending today's meeting, must readjust and alter the guiding principle for our economic work—that is, to readjust and base economic development on the advancement of science and technology and the improvement of workers' skills. This guiding principle is the scientific conclusion upon which the party Central Committee arrived after taking into

consideration domestic conditions, summing up domestic experiences in economic development, and drawing on foreign experiences. I understand that this guiding principle reflects a more profound understanding by our party about the objective law of socialist modernization. The guiding principle is the fundamental strategic principle for our economic work to which we must adhere for a long time to come. The sooner we grasp this principle and carry it out, the better position we will be in terms of time and initiative; otherwise, we will lose our initiative, fall behind, and get punished by history. The truth is, I should say, we have not yet achieved a clear understanding of this fundamental strategic principle and have not made the fundamental readjustment in the arrangement and planning of our economic work and shifted the basis for economic development onto science, technology, and education.

Under the prolonged influence of natural economy and isolation, many of our comrades have not acquired the modern mentality about science, technology, and education, and are unable to take care of the needs of both the immediate and long-term interests when handling the relations between education, science, and technology and the development of economy and society. The bottom line is that both economic development and social progress hinge upon advancement in education, science, and technology, improvement of workers' skills, and training of a sufficient number of qualified specialized personnel of various levels and kinds. The investment in education, science, and technology, in effect, is also a kind of productive investment. Science and technology are in themselves productive forces; Comrade Xiaoping recently even called them the first productive forces. It is true that the investment in science, technology, and education involves a long cycle and rarely has immediate results. Some comrades, therefore, hold the misconception that the investment in education, science, and technology is like "the futile attempt to try to fetch water from far away to quench a here-and-now thirst." This, in fact, is a kind of "myopia" for immediate results; in other words, it is a kind of shortsightedness in guiding our economic work as well as a major mental block in our path as we try to revise the guiding principle for our economic work.

We should have a clear understanding that the guiding principles reached at the 13th party congress—that we must rely on science, technology, education, and people to develop our country's productive forces and that we must shift the basis for economic development onto the advancement of science and technology and the improvement of workers' skills—tally with not only the basic state of our country at the initial stage of socialism, but the state of our province as well. Zhejiang has favorable conditions and advantages as well as unfavorable conditions and disadvantages for economic development. It has a large population on limited land. In the past few years, our province has been, on the average, depleting its cropland by the size of a county every year, while gaining a county's population. Our per capita grain

supply declines every year. We have a shortage of coal, iron, and oil, and we have a weak basic industry and a large processing industry that do not have advanced technical equipment or technology. As required by the 13th party congress and the 3d Plenary Session of the 13th CPC Central Committee, our province's economy must convert from extensive to intensive operation, and we must expand our production internally instead of externally. Whether we improve enterprise technology and equipment, reduce waste of materials and energy, develop new products, improve enterprise management, increase enterprise economic benefit [xiao yi 2400 4135], develop an export-oriented economy, readjust and streamline the composition of export goods, increase the export of high added-valued products of sophisticated and precise processing, or enhance our competitiveness on the global market, it all urgently requires that we readjust and streamline the industrial structure and the organizational structure of enterprises in our province, renovate our traditional industries, develop new mainstay industries, and take advantage of our strong points and avoid our weak points to make up for the serious shortage of resources. In addition, we must try to turn the disadvantage of overpopulation into an intellectual resource. All this relies on science, technology, education, and on the training of personnel and improving workers' skills. To put a stop to the decline in agricultural production, especially that of grains, and uplift agriculture to a new stage of development, we must also rely on the advancement of science, technology, education, and the improvement of the quality of farmers. Furthermore, progress of the whole society; development of socialist spiritual civilization; purification of the general mood of society; enhancement of work ethics of various trades; and improvement of youth education, citizenship, public morality, and work ethics all hinge upon the uplifting the mentality, morality, and scientific and cultural quality of the entire citizenry, which in turn relies on the spreading of education. Recently, at a meeting of the standing committee of the provincial party committee on law enforcement, members of the standing committee and veteran comrades all showed great concern over the growing problem of juvenile delinquency. Juvenile delinquency, of course, can be attributed to various factors. The investigation conducted while I was working in Liaoning showed that the majority of juvenile delinquents were either illiterates who could not read or write and who had no legal knowledge, or rogues and gangsters. The same can be said for Zhejiang in general. This is directly related to the quality of youths as well as school education, family education, and social education.

These situations have showed us the basic principle that education, science, and technology provide a tremendous force to economic and social progress. The leading comrades of our party committees and governments at all levels and those of various economic departments must clearly understand this point. We must not feel apathetic on this issue, nor should we adopt a devil-may-care attitude. Still less should we waste more time.

I completely agree with Comrade Zulun's view when he studied the work of the provincial government that we must no longer wait to develop education, science and technology and that we must try really hard to promote education. I believe that we should keep this view in mind, strengthen our sense of political responsibility and historical mission, and strive to vigorously develop education, science, and technology in Zhejiang Province. The leadership at all levels in our province must repeatedly review the remarks made by Comrade Xiaoping in September last year. He pointed out: "From a long-term viewpoint, we must pay attention to education, science, and technology; otherwise, we will suffer incalculable consequences. We have already wasted 20 years." He also said: "We must try our very best to remain patient in other fields. We must even sacrifice some speed in promoting developments in other fields in order to tackle the questions in education." "No matter what the difficulties encountered, we must increase teachers' pay. It may take us several years to solve this problem and to make people realize that there is hope in tackling this issue," he added. These remarks by Comrade Xiaoping are sincere and earnest. I think that they have profound implications. We must deepen our understanding of his remarks and always keep in mind these remarks in the course of doing our work. What I have just said is my second viewpoint. That is, in making readjustments and changes in our guiding ideology, our party and government leaders at all levels must emphasize our efforts to rely on education, science, and technology and on the improvement of workers' qualities for developing our economic work.

My third viewpoint is: The issue of leadership involves an issue of awareness. It also involves our work and actions and the implementation of our policy on education. It will be empty talk if we only talk about changing our guiding ideology without carrying out practice, doing actual work, and firmly implementing our policy. At the national conference on education work, Comrade Xiaoping made an important remark in addressing our leadership at all levels that on the issue of education, we "must make less empty talk while performing more actual deeds." The two conferences of ours must give full play to the spirit of performing more actual deeds in developing education, science, and technology. It is not so easy to truly fulfill the principles and tasks on education, science, and technology laid down by our two conferences. We must still do a great deal of work painstakingly and in a meticulous and down-to-earth manner. The departments in charge of education, science, and technology work under the governments at all levels must carry out a great deal of work. They have their own responsibilities. We should criticize them if they fail to do their work well in this connection. However, we must also realize that relying on the departments of education, science, and technology alone is not enough. The principal leading party and government comrades must personally carry out work in developing education, science, and technology as determinedly and enthusiastically as they carry out economic work. If they

fail to carry out such work or do such work incompetently, we regard this as impermissible, and that such practice indicates a dereliction of duty and incompetent leadership. This is not what I said. Comrade Xiaoping said this at the national conference on education work. Comrade Xiaoping said: Leaders who neglect education (which naturally includes science and technology) are shortsighted and immature leaders. They cannot do a good job in exercising leadership in developing the modernization program. The principal leading party and government comrades at all levels should pay attention to education, science, and technology. This does not mean that they must work for some specific project in education, science, and technology. I think, in addition to helping change the guiding ideology in this connection, they must pay attention to major events, the main orientation, the reforms, and the principles and the policies regarding education, science, and technology. After reading more than 20 reports in this connection and summarizing the experiences of the leading party and government comrades in various cities (prefectures) and counties in the development of education, science, and technology, I feel that we must exert our main efforts in the following ways. First, we must strengthen our efforts in planning. We must formulate long-term as well as short-term plans in the development of education, science, and technology according to local conditions, and in close connection with the objective and actual needs in promoting economic and social development. We must make such plans while adjusting the local economic and industrial setup, developing the local natural resources, implementing the policies with regard to local industries and technologies, and meeting the actual needs in the development of spiritual civilization at present. In working out such plans, we should give prominence to local characteristics and take into consideration our immediate needs as well as our long-term requirements. Since economic and cultural developments in certain areas are unbalanced, it is necessary to apply the principle of suiting measures to local conditions and guiding developments in accordance with various categories when formulating our plans. For example, our tasks, such as popularizing 9-year compulsory education, integrating science and technology with economy, achieving the goal of scientific and technological development, and adopting the direction of key projects, must be in line with the level of local economic development. We must put forward different requirements for various geographical areas to attain, such as plains, islands, and mountain areas.

Second, we must stress policies. As Comrade Shen Zulun just said, we must conscientiously implement the correct policies already adopted by the central and provincial parties and governments with due consideration to local realities. While exchanging views with leaders of science and education commissions, I found out that some leaders in localities and enterprises still do not know that our province has adopted some policies for education, science, and technology. Some of these policies have not yet been transmitted because they are still locked in

drawers. This is not normal practice. We must now conscientiously carry out the policies already adopted by the central and provincial parties and governments. In addition, we must formulate, based on the principles of the central and provincial policies and proceeding from local realities, concrete policies that are in line with local realities. We have learned from some typical experiences through exchanges of ideas that some cities and counties have done a great job in developing education, science, and technology. One of their important experiences is that they have adopted some policies that are suitable to local conditions. Take the investment in education, for example: It has proceeded from realities. In addition to local financial investment, some cities and counties also use economic levers as a means to regulate. In the meantime, they have raised funds for educational development from various social sectors. Besides, it is necessary for our localities to formulate some relevant regulations based on these policies and laws. A case in point is the child labor issue. Since child labor runs counter to the 9-year compulsory education policy, we must formulate some relevant regulations in this respect.

Third, we must carry out reforms. Scientific, technological, and educational developments must be integrated, and social and economic developments must rely on reforms. Each must find its own way to tap the vitality of scientific and technological education. We must also solve structural problems in integrating education, science, and technology with economic progress. The solution to these problems must depend on reforms in science, technology, and education. The reform of scientific and technological structures must be further deepened. We must open up scientific research organs and give freedom to their personnel, create technological markets, and develop and support private scientific research organs. In general, we must be more open in our thinking and make bigger strides in this respect. There is no risk of danger in reforms in this field. Of course, in addition to the drive to open up scientific research organs and give freedom to their personnel and to develop private scientific research organs, there is one more question to be taken care of, which is the strengthening of administration. We must properly handle both problems.

Education structural reform must be deepened and incorporated with other programs. In addition to readjusting the education structure and developing vocational and technical education, the 9-year compulsory program, particularly reform of elementary education, must emphasize the reform of guiding ideology and teaching materials and methods in elementary education. It is particularly important to correct the guiding ideology for education. Comrades from Shaoxing County have said it well: The purpose of elementary education is not merely to send students to schools of a higher grade but to improve human quality. Elementary education must also serve the local economic construction and train a large reserve of quality laborers. Leaders of various county and city party organs and governments must incorporate this view into their guiding

ideology. Our views about education, educated people, and the quality of education must all undergo some change. We should not judge whether a school is good or bad and whether or not its standard is high by the proportion of its students being sent to schools of a higher grade, but mainly by the quality of the people trained by the school and by whether or not the school has promoted a balanced development of morality, intelligence, physical culture, aesthetics, and manual labor; whether or not the knowledge acquired by its students can serve the local economy and society; and how capable its students are in using their own hands. Regarding this question, several veteran comrades expressed their deep concern and offered many sound views at a meeting of the party standing committee and have called on us to lay down a correct guiding ideology for elementary education, particularly for secondary and primary school education. If left unreformed, elementary education has no future and will not be able to attract great attention from local party and government leaders. Since the people these schools train cannot serve the needs of their locality, it would be of no use for the schools to ask the local party and government leaders to pay attention to them. Therefore, not only must our party and government leaders change their thinking, but the departments in charge of education must do likewise. No longer should they assign quotas to schools based on the number of students to be sent to schools of a higher grade. From now on, we should not judge a school by the number of students being sent to schools of a higher grade, but mainly by the quality of students being trained by the school. Furthermore, the reform of the leadership, management, distribution, and personnel systems of schools and the implementation of the school's principal responsibility system, as well as the organization and personnel hiring systems, should be aimed at arousing teacher enthusiasm, strengthening the internal vitality of schools, and raising the quality of teaching so that teachers will not lopsidedly seek to expand their income or compete with one another to see who can earn more money. If the internal reform of schools leads teachers to run after and compete with one another to increase their income, then the orientation of reform has already deviated from the right track.

Although the emphasis of the current education conference is on studying elementary education, it does not mean to neglect higher education. Since the 3d plenary session of the 11th party committee, our province has made great progress in promoting higher education and has trained a large number of intelligent people for the state and the various localities. We have also accumulated experiences in reforming higher education. Of course, the institutions of higher learning are also facing problems and difficulties at present. Right now, the tasks facing our province's higher education are structural reform, the stabilization of school enrollment, deepening reform, and raising the quality of teaching. But it is impossible to specifically discuss these problems at the current meeting. However, after the meeting, the Education Commission and the Commission for Higher Education Work shall further study these problems and work out relevant plans.

Fourth, we should pay attention to coordination. In the course of developing and reforming education, science, and technology, particularly in the course of integrating their development and reform with economic development, the education, science, and technology departments alone cannot solve well the questions of what education, science, and technology should serve and rely on. The development and reform of education, science, and technology require concerted, supportive, and cooperative measures. For this reason, party committees and governments should know how to coordinate. They should ensure good coordination among the departments of education, science, and technology and the economic departments. In particular, they should ensure good coordination and cooperation among the departments of education, science, and technology as well as the planning and economic commissions and the departments concerned with economic levers.

Fifth, we should pay attention to training personnel. We should mainly pay attention to the training of education, science, and technology personnel and ensure their stability. How to stabilize the ranks of intellectuals, scientists, technicians, and teachers in rural areas is a very conspicuous question now. According to the comrades of the education commission, 70 percent of the graduates of agricultural colleges assigned to work in rural areas have changed their professions. If this is true, it means a huge waste. We are spending so much money on training agricultural technical cadres, but they will change their professions instead of doing rural scientific and technological work after being assigned to work in rural areas. It is said that some graduates of the Zhejiang Agricultural University would rather work as dining hall clerks selling meal tickets than take scientific and technological jobs in the countryside. This of course is a very complex problem, and its solution will involve reform of the entire education system, cadre system, student enrollment system, and graduate placement system. I completely agree with what Comrade Zulun has just said. From now on, schools for training rural teachers and agricultural personnel should recruit students from certain areas and train them for those areas, so that the graduates will go back to work and stay there. On the question of personnel, I have another point to make—we should respect knowledge and qualified personnel and create a good environment for them. Today, some areas have a shortage of qualified personnel, while specialized personnel in other localities are not properly employed. In the past, I conducted investigations in this respect when I was in Liaoning Province. According to Comrade Debao, the situation in Zhejiang is basically the same: about one-third of the intellectuals are not properly placed, and they are a great potential. At present, intellectuals are leading a comparatively hard life; we should gradually improve their remuneration. The vast numbers of intellectuals in China have political consciousness and devotion to their work. What they are after is how to display their talents and ability and do a better job for the motherland. For this reason, our party and government leaders at all levels should create a good environment for

them to display their talents and ability. The principal leading comrades of our party and government organizations at all levels should fully respect, support, and understand intellectuals, show concern for them, and make friends with them. At the same time, we should be concerned about their living and working conditions. In particular, we should be concerned about the intellectuals working in rural and mountainous regions and on coastal islands. We should show concern for their weal and woe, listen to their voice, do all we can to help them solve problems and overcome difficulties, do useful things for them, and serve them. Our propaganda department and media should do more to publicize intellectuals, teachers, scientists, and technicians, and advertise good examples of respecting knowledge and persons of ability. At a discussion of the standing committee of the provincial party committee, many old comrades asked that since the media can now publicize top athletes, singers, and movie stars, why can they not publicize our teachers, scientists, and technicians more?

Sixth, we should pay attention to supervision and inspection. From now on, we should begin with the provincial party committee and the provincial government to ensure that party and government leaders at all levels pay attention to two matters during their inspections of lower level organizations. On the one hand, they should pay attention to economic development, reform, and the opening to the outside world; on the other hand, they should pay attention to ideological and political work. While paying attention to the building of material civilization, they should also take note of the building of spiritual civilization. Science, technology, and education belong to the spiritual civilization category. When our leading comrades go to the grassroots level, they should visit schools and scientific research organizations. Whenever they are in the countryside, they should visit schools and teachers there, following the example of the leading comrades of the Kaihua County party committee and government. From now on, when we evaluate the work of a region and the political performance of its party and government cadres, we, in addition to examining local economic work and party affairs, should also see whether the cadres attach importance to education, science, and technology, and how they integrate the development of education, science, and technology with local social and economic development. This should hence be an important aspect in our evaluation of party and government cadres. The organization and personnel departments should pay attention to this point.

Of the views that I have just discussed, some are mine, while others were expressed by members of the standing committee of the provincial party committee during a discussion. I am convinced that as long as the entire party and the whole society attach importance to education, science, and technology work and firmly rely on the masses, and the principal leading comrades of party and government organizations at all levels personally take part in the work, then there surely will appear a new situation in the development of education, science, and

technology in our province and in the integration of this development with local social and economic development. This will surely mean the emergence of more counties like Kaihua and Shangyu, which attach importance to education, science, and technology. We should be full of confidence on this point.

**Li Zemin Speaks on Zhoushan Fishing Industry**  
*OW1604131389 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 6 Apr 89*

[Excerpts] On the afternoon of 5 April, Li Zemin, secretary of the Zhejiang Provincial CPC Committee, told local party secretaries in Zhoushan City his view on developing the fishing industry in the city. He said: Although coastal fishery resources are becoming less and less abundant, we must not forget the dominant role of the fishing industry in promoting the local economy now or in the future. Leading cadres at all levels must keep this point in mind.

During a tour of Zhoushan City, Li Zemin toured two fishing zones and two counties as well as the Zhoushan marine fishery company and the No 2 and No 3 fishery companies in order to study the situation in fishery. He also visited some fishermen's families, with whom he had cordial conversations. He said: Fishing is Zhoushan's traditional industry. To develop the fishing industry, we must increase investment, ensure the stability of fishery policy, pay attention to science and technology, and continue to deepen reforms. [passage omitted]

Li Zemin also pointed out: Developing the fishing industry in such a manner is a gradual process. We must suit our measures to our local conditions, give proper guidance, and cater to the fishermen's needs. We must carry out intensive management in an appropriate manner, and organize all state-run and collectively and privately owned fishery enterprises in order to join efforts in developing the fishing industry.

### **Southwest Region**

**20,000 People Affected by Sichuan Earthquake**  
*OW1804122989 Beijing Domestic Service in Mandarin 0930 GMT 18 Apr 89*

[From the "National Hookup" program]

[Text] This afternoon, our station reporter learned from the Sichuan Provincial Government that some 20,000 people have been victims of the Batang earthquake. In the countryside of Batang County, 3 districts, 9 townships, and 44 villages were struck by the earthquake, and 18,000 square meters of buildings in primary and secondary schools were damaged.

Last night, heavy snow fell in the vicinity of Batang, and aftershocks continued to strike. In the last 2 days, Sichuan Province and Garze Zang Autonomous Prefecture have sent some 3,800 reels of asphalt felt, 100 metric tons of diesel and gasoline, and more than 70,000 kg of grain.

Tonight, the Sichuan Provincial People's Government will hold another meeting to work out additional plans for rescue work.

**Measures in Sichuan Help Reduce Birth Rate**  
*OW1804133389 Beijing XINHUA in English 0734 GMT 18 Apr 89*

[Text] Beijing, April 18 (XINHUA)—Sichuan, the country's most populous province, has disciplined a large number of government officials and Communist Party members for failing to meet family planning quotas as part of a strict population control program.

According to today's CHINA DAILY, the provincial party's disciplinary departments refused to disclose the exact figure.

Overall, however, the program appears to be working. Sichuan has 105.8 million people, about 10 percent of the nation's total. But its birth rate in 1988 was one of the lowest in the country.

The paper quotes Zhong Kan, director of the provincial family planning commission, as saying that there were 224,470 fewer births last year than in 1987, a decrease of 13.05 per cent.

Explaining how population control works in Sichuan, Zhong said in an interview with the paper that in 1987 the provincial legislature passed family planning regulations which divided the province into five categories—cities, flatlands, hilly areas, high-altitude and ethnic minority areas—and allowed each to pursue different approaches to family planning.

Within regulations, governments at all levels down to villages and households formulated specific plans.

Government officials who fail to fulfill the local plan not only forfeit promotion, but are subject to penalties.

The people are taught that high population growth, the shrinkage of arable lands and backward manual farming techniques are the main causes of their poverty, the director said, adding that local governments have adopted various measures to encourage people to develop the economy before having more children.

Under the aid-the-poor program, one-child families are given priority in credit, high-quality seeds and equipment.

Those who have had more children than the state-fixed level must commit themselves to stricter birth control before they can receive state economic support.

Some formerly poor counties such as Bazhong, Wangcang and Nanchuan have managed to limit their population growth to eight births per thousand residents or even lower, and, as a result, have risen above the poverty level.

**Yunnan Faces 'Most Serious' Power Shortage**  
*HK1804025789 Kunming Yunnan Provincial Service  
in Mandarin 2300 GMT 17 Apr 89*

[Excerpts] Yunnan's power grid will have a shortfall of 400 million kilowatt hours during the 2d quarter. This quarter will bring the most serious power shortage of recent years. The departments concerned call on all localities to strictly consume electricity in a planned way and ensure that supplies are cut or assured, as appropriate.

Due to 2 successive years of drought, water levels in the main hydroelectricity station areas have dropped greatly. By the end of May, water levels will be almost too low to use at the two main power stations on the Yili He and Xier He, on the Yunnan grid. And due to a shortage of coal supplies, it will not be possible for the province's thermal power plants to boost output. At the same time, electricity consumption has risen too rapidly. As a result, the supply-demand contradiction on the province's power grid has become very acute. [passage omitted]

It is essential to ensure electric power for agricultural drainage and irrigation; for the production of chemical fertilizer, pesticides, and plastic sheeting; and for important consumers such as energy, communications, radio and television, and posts and telecommunications. Essential supplies for daily life must also be assured. We must control power supplies for the production of high energy-consuming products. [passage omitted] We must also cut power for urban street lighting and commercial decorative lighting.

### Northeast Region

**Heilongjiang Secretary Speaks on Enterprise Reform**  
*SK1804070189 Harbin Heilongjiang Provincial Service  
in Mandarin 2100 GMT 17 Apr 89*

[Text] The 5-day provincial conference on deepening the reform of large and medium-sized enterprises concluded in Qiqihar City on 17 April.

In his speech at the conference, Sun Weiben, secretary of the provincial party committee, said: We should unswervingly deepen the reform of large and medium-sized enterprises, enthusiastically and steadily facilitate the reasonable circulation of production factors, optimize labor associations, strive to obtain the administration of plants by plant directors, realistically upgrade enterprises' economic results, and lay a solid foundation for further developing the economy in our province.

At the conference, leading cadres, enterprise managers, and theoretical workers cooperated with each other to closely study the issue of how to deepen the reform of large and medium-sized enterprises in the course of improving the economic environment and rectifying the economic order; exchanged some typical experiences; and discussed and revised two policy decisions, such as the provisional regulation on reasonable exchange of production factors between various enterprises and on optimization of labor associations, and the proposal for several questions cropping up in the course of reforming the leadership system of large and medium-sized enterprises.

Comrade Sun Weiben said in his speech: Improving the economic environment, rectifying the economic order, and deepening reforms in an all-round manner is an integrated principle. We must comprehensively understand and implement it. The improvement of the economic environment and the rectification of the economic order must be carried out on the premise of persisting in the general orientation of reforms and based on the deepening of reforms.

Comrade Sun Weiben stressed: Facilitating the reasonable circulation of production factors and optimizing labor associations is a major policy decision made by the provincial party committee and the provincial government through the general discussion on the standards for productive forces and the practices of reforms. Based on the principle of mutual participation, consultation, equal-valued exchange, public competition, solid interests, and reasonable circulation, we should conscientiously strengthen leadership and positively and steadily organize forces to implement the policy decision. Setting up a new leadership system for enterprises is also a key question concerning the deepening of reform of large and medium-sized enterprises. To realize the administration of plants by plant directors, we should first ensure the key position of plant directors, guarantee that enterprises' party organizations can play their guaranteeing and supervisory role, ceaselessly strengthen the enterprises' ideological and political work, continually deepen the enterprise reforms, and realistically upgrade enterprises' economic results.

Shao Qihui, deputy secretary of the provincial party committee and governor of the province; Wang Haiyan, deputy secretary of the provincial party committee; and Chen Yunlin, vice provincial governor, successively made speeches at the conference.

**Jilin's He Zhukang Inspects Oil Production**  
*SK1604130089 Changchun Jilin Provincial Service  
in Mandarin 2100 GMT 15 Apr 89*

[Text] On 15 April He Zhukang, secretary of the provincial party committee, inspected the work of the Jilin Provincial Oilfield Administration Bureau.

After hearing the briefing given by the leading comrade of the oilfield administration bureau during his inspection activities, He Zhukang fully acknowledged the achievements scored by the administration bureau and the (Qianguo) oil refinery and their contributions to the province's construction.

In his speech, He Zhukang pointed out: Large state-run enterprises should earnestly do a good job in separating administration work from party affairs in line with the provisions of the enterprise law. Only by having independent rights can enterprises display their vigor.

In his speech, He Zhukang stressed that efforts should be made to enhance enterprise management in order to further upgrade the ideological quality of staff members and workers, and that human potential should be regarded as the largest potential for all fields to tap. Conducting ideological and political work means that we pay attention to human enthusiasm and want to tap human potential.

In his speech, He Zhukang also urged enterprises to wage a socialist labor emulation drive and to upgrade the sense of honor enjoyed by the model laborers in order to further boost the enthusiasm of staff members and workers.

**Implementation of Liaoning Plans Addressed**  
*SK1604110089 Shenyang LIAONING RIBAO*  
*in Chinese 16 Mar 89 p 2*

[“Excerpts” of the report on implementation of the 1988 plan and the ‘draft’ of the 1989 plan of Liaoning Province, delivered by Vice Governor Zhu Jiazen at the second session of the seventh provincial People’s Congress: “Unify Understanding, Work With Full Cooperation, and Attend to Work Realistically”]

[Text] At the second session of the seventh provincial People’s Congress, Zhu Jiazen, provincial vice governor and concurrently chairman of the provincial Planned Economic Commission, made a report on implementation of the province’s 1988 plan and the arrangements for its 1989 plan. Following are excerpts of his report:

**I. Implementation of the 1988 Plan**

The implementation of the 1988 plan was generally good. The provincial share of the national economy developed in a sustained manner, urban and rural markets were brisk, foreign economic relations and trade were expanded, financial revenues increased, and economic strength was further strengthened. In addition, new progress was made in science, technology, education, culture, public health, and sports, and the people’s living standards were improved.

A. A relatively good agricultural harvest was reaped after numerous difficulties were overcome.

B. A sustained increase was effected in industrial production, and new progress was made in transportation and communications services.

C. The swelling trend of investments in fixed assets was brought under control, and economic strength intensified.

D. Buying and selling on urban and rural markets were brisk.

E. Foreign economic relations and trade as well as technological exchanges expanded continually.

F. Financial revenues increased, and the banking situation moved toward stability.

G. Further progress was made in science, education, culture, public health, and sports undertakings.

H. The people’s living standards were further improved.

Although social production witnessed a sustained increase, there are still quite a few difficulties and some problems crying for earnest treatment in the province’s economic life. In addition to the remarkable sharpening of inflation and the inordinate price increases which were universal in the country, there were also such conspicuous problems as the stagnation of grain output for 4 years running, the lack of momentum for further agricultural development, the serious power shortage, the overall tension on railway transportation, the serious shortages of funds and foreign exchange, and, in particular, and the lack of effective guidance and supervision over production not covered by mandatory planning and over the utilization of extrabudgetary funds.

**2. Opinions on Arrangements for the 1989 Plan**

The guiding ideology for the arrangements for the 1989 plan are: conscientiously implementing the principles of improving the economic environment, rectifying economic order, and comprehensively deepening reform; positively readjusting the economic structure; accelerating the pace of opening up to the outside world; striving to improve economic efficiency; maintaining stable economic growth; increasing effective supplies; and promoting the development of various social undertakings. In making arrangements for the 1989 plan, the following several principles have been observed.

First, we should define such major goals and basic tasks of the 1989 plan as gradually cooling down the overheated economic growth, ensuring a considerably lower price increase than last year, and striving for a good agricultural harvest.

Second, we should actually curb the scale of investment in fixed assets, particularly the scale of extrabudgetary investment, and, at the same time, exercise strict control over the sharp increase in consumption funds. Financial departments must strive to increase income and cut

expenditures, and resolutely avoid sustaining losses when setting the budget. Banking departments must curb the scale of credit and loans, vigorously draw in more savings deposits from urban and rural residents, and strictly control the issuance of currency.

Third, we must combine the curbing of demands with the readjustment of the economic structure. We must reasonably readjust the structures of investment, production, and enterprise organizations in line with the state policies concerning industries so that we can truly attain the optimum distribution of limited natural resources, remarkably increase efficiency, and improve effective supplies.

Fourth, we should link the improvement of the economic environment and the rectification of economic order with reforms and opening up to the outside world. Through the improvement of the economic environment and the rectification of economic order, we should further effectively deepen reforms and expand the scale of opening to the outside world, make the macroeconomic regulation and control and the vitality of the microeconomy promote each other, and gradually set up a system of macroeconomic regulation and control during the replacement of old systems with the new.

Fifth, in arranging this year's plan, we must look ahead and behind and take into consideration the requirement of linking this year's plan with those for the next year and the coming few years so as to promote the smooth and stable progress of the national economy. We should adopt the following principal measures in order to fulfill this year's national economic and social development plan.

A. We should vigorously increase the production and supply of farm and related products and light and textile products, and make good arrangements for markets and the people's livelihood.

Continuing to develop production, striving to increase supply, enlivening urban and rural markets, and improving the people's livelihood are priorities in the arrangement of the 1989 plan.

First, we should adopt effective measures for reaping bumper agricultural harvests. 1) We should increase the input in agriculture. 2) We should continue to strengthen the construction of agricultural infrastructural facilities, realign the tributaries of the Liao He, repair the dikes of small and medium-sized rivers, transform low- and middle-yield farmland, build large and medium-sized reservoirs, attend to the development of the Liao He delta and the wheat field in the western part of the province, further launch the "Dayu Cup" competition campaign, and enhance the capacity to combat disaster. 3) We should attend to the production and supply of agricultural capital goods. The policy of linking the purchases of grain and oil-bearing crops with the marketing of chemical fertilizer and diesel oil at parity prices

and with advance payment must not be changed. Meanwhile, the standards for providing benefits to grain sellers should appropriately be upgraded so as to arouse the peasants' enthusiasm for growing grain under the policy in which peasant households that sell grain to the state are able to purchase more chemical fertilizer at parity prices. 4) It is necessary to ensure the relative stability of grain, soybean, and vegetable growing-areas and to consolidate and develop the achievements made over the past few years in grasping the "vegetable basket" project. We should strictly control the occupation of arable land and reduce the construction of nonagricultural projects on arable land to the minimum. We should strictly prevent rural collectives and individuals from building houses on arable land, to occupy less or no arable land in developing urban construction, and pay particular attention to occupying less vegetable-growing area. We should positively popularize and apply agricultural, scientific, and technological findings, and improve the variety of crops. 5) We should attend to the construction of sideline product bases and positively develop intensive farming. 6) We should continue to readjust the rural industrial structure, comprehensively develop agricultural resources, enthusiastically develop town industries in accordance with different natural resources and social conditions, and strive to make town industries become key forces in the support of agricultural production.

Second, we should overcome difficulties and accelerate the development of the light and textile industries. We should make efforts to increase the production of quality famous-brand products, in particular 15 of the people's daily necessities and 33 products in short supply. We should develop a group of new products and new varieties to suit the demands of the urban and rural markets at various levels and to ensure a good supply.

Third, we should strengthen market and price management. One of the priorities in stabilizing markets is to address grain purchases and stable supplies. Another priority is to attend to the "vegetable basket." While controlling vegetable-growing areas in order to basically stabilize the prices of popular vegetables, we should take advantage of markets, both at home and abroad, positively develop the cooperation between various provinces and barter trade, and ensure that each supplies what the other needs. We should guarantee the supply of electricity, coal, water, and gas for the people's daily needs and strive to ensure the basic demands of the people's livelihood.

We should strengthen effective management and supervision over goods prices and markets. Products covered in the mandatory plan should be managed well. The management of products whose prices are decontrolled should also be strengthened. It is necessary to resolutely enforce the ceiling prices of commodities with ceiling prices and to implement a system of reporting to higher authorities price hikes on goods not having ceiling prices. The prices of goods without ceiling prices must

not be readjusted without approval. We should continue to take stock of and consolidate various kinds of companies, ban illegal management, and eliminate intermediate exploitation.

**B. We should continue to take stock of projects under construction, curb the scale of investment in fixed assets, and reasonably readjust the investment structure.**

We should continue to earnestly take stock of projects under construction in order to cut or suspend projects which deserve to be cut or suspended. We should strengthen the construction of key projects in line with the State Council's catalogue of industries and products whose development should be encouraged or restricted, in light of the conditions of funds and scale and in accordance with the principle of guaranteeing or restricting the construction of some projects which deserve to be guaranteed or restricted. The principles for arranging the plan on investment in fixed assets this year are: Based on raising investment efficiency, we should combine the readjustment of the investment structure with the readjustment of the industrial and product structures. On the basis of continuously screening projects under construction, we should increase the investment in agriculture and education and strengthen the construction of the energy, transport, raw materials, and light industries. We should support the construction of the export-oriented economy; curtail the investment in ordinary processing industries; and resolutely cut those projects which are inconsistent with the policies concerning industries, those with a high consumption of energy resources, those whose raw materials are in short supply, those that are nonproductive, and particularly those unnecessary office buildings, auditoriums, guest houses, and hotels. In making arrangements for projects, priority should be given to those major projects which have a bearing on the momentum for the further development of Liaoning's economy, those which utilize foreign capital to renovate existing enterprises, those which engage in export to earn foreign exchange and engage in the production of import substitutes, those which assimilate and apply advanced foreign technologies, those which produce products that could not be turned out domestically in the past, and those which are near completion and will soon go into operation. We should strictly control the newly initiated projects. Under the current situation of curbing investment in capital construction, we should pay attention to increasing the investment in agriculture and education, particularly in the construction of key projects.

**C. We should deepen enterprise reform and strengthen and improve macroeconomic regulation and control.**

First, we should intensify the ability of various banks to manage and regulate the funds in society. We should strictly control the total volume of credit and loans, readjust the credit structure, and optimize the credit-granting orientation. This year, the various specialized banks in the province will define which projects should

be supported and which should be controlled in line with the order of optimization. We should conscientiously implement the regulations on cash management and strictly control the issuance of money. We should vigorously attract savings deposits, expand the source of credit funds, and emphatically support the production of the 15 kinds of daily necessities, the 38 varieties of products which are in short supply on markets, and raw and semifinished materials. We should also support the production of Sino-foreign joint ventures as well as cooperative enterprises, foreign-funded enterprises, and export-oriented enterprises; support the production of agricultural means of production; and support the procurement of agricultural by-products covered by the plan. We should strengthen the management of foreign exchange and foreign debt and continue to strengthen the regulation of foreign exchange.

Second, we should intensify the macrocontrol of the investment in fixed assets in the whole society. This year the province will carry out mandatory planning management for the scale of investment in technological transformation and will exercise control over the extrabudgetary investment in fixed assets of collectively and individually run units. For the nonproductive projects, particularly the construction of office buildings, auditoriums, guest houses, and hotels, we should further perfect the methods that the provincial authorities assume responsibility for, manage and restrict city projects that cities assume responsibility for, and manage and restrict county projects. Capital construction projects undertaken by collectively run enterprises should come under planned management, and capital construction projects undertaken by individuals should also be subject to strict control. The system of registration should be implemented for cultivated land occupied for other purposes. Only the portion of cultivated land covered by the construction plan can be used to build projects.

Third, we should control the unduly hasty increase in consumption funds. In curbing the swelling of consumption demands, we should strengthen the macroeconomic guidance, regulation, and control over the income distribution of the whole society. We should continue to perfect the method of linking an enterprise's payroll with its efficiency. We should strengthen the management and supervision over the payroll not covered by the accounts. The increase in the issuance of bonuses and materials should be put under strict control. Attention should be paid to disseminating and organizing the work of advocating savings deposits. On the basis of stabilizing banking markets, we should strive to divert and postpone some of the consumption funds; readjust the consumption structure; and give guidance to the consumption demands of the masses through the methods of commercializing residences, auctioning off small enterprises, and issuing bonds and shares.

Fourth, we should strengthen the readjustment of the economic structure and the regulation of economic activities. In readjusting the industrial structure, the

province should focus on developing agriculture, light industry, the electronics industry, and tertiary industry. Meanwhile, we should vigorously develop "bottleneck" industries, such as the energy resources, raw materials, and transportation industries, and develop high-technology industries. In readjusting the product mix, we should focus on upgrading the quality of products, develop an orientation of intensive and precision processing, expand the variety of products, and develop new readily marketable products. At the same time, we should bring the work of readjusting the product mix and industrial structure into the formulation of the "Eighth 5-Year" Plan. On the premise of resolutely implementing the regulations made by the State Council and ensuring the fulfillment of the index for controlling the price of goods, the financial task, and the task of products covered in the mandatory planning, we should try our best to comprehensively exercise economic regulation correctly in order to enliven the local economy.

D. We should positively organize forces to implement the plan for developing an export-oriented economy in Liaodong peninsula and to promote the comprehensive development of opening the province to the outside world.

Based on perfecting the plan for developing an export-oriented economy in Liaodong peninsula, we should do a good job this year in making plans on various special subjects and various local plans for developing an export-oriented economy. It is necessary to continually attend to the construction and transformation of the Dalian economic and technological development zone, the Yingkou Bayuquan export and processing zone, and the Shenyang Tiexi industrial zone, and to accelerate the pace of developing an export-oriented economy in Liaodong peninsula.

In the current process of readjusting the economic structure, we should adopt vigorous and steady principles on the commercial loans borrowed under the state unified plan or by the province itself; strike a balance or a favorable balance of foreign exchange in using foreign capital to buy items, excluding infrastructural facilities; ensure that whoever borrows money repays the debt; resolutely stop the practice of everybody eating from the same big pot; strictly control the scale of borrowing foreign capital; strengthen the large-scale management of items to be developed with foreign capital; strictly grasp the procedures for examining and approving foreign capital items; and gradually set up a system of running certain risks in using foreign capital.

E. We should strengthen scientific and technological progress and intellectual development, and promote the development of various social undertakings.

We should continue to implement the strategic principle of "relying on science and technology to rejuvenate Liaoning"; foster a concept of commercializing scientific and technological findings, and gradually develop an orientation of operationally-based scientific research;

and promote coordinated development in science and technology, the economy, and society. We should principally attend to two work tasks in conducting scientific and technological work. 1) We should strengthen basic study; pay close attention to developing new technologies, including microelectronic technology and information technology; and serve the setup of high-technology industries. 2) We should vigorously popularize and apply advanced scientific and technological findings, with the focus on developing items that aid agriculture and save energy and items for upgrading the transportation capacity, improving the environment, stabilizing markets, and supporting foreign exchange earnings from exports. We should continue to attend to the implementation of the "spark plan" and enthusiastically support town and township enterprises.

We should further implement the educational principle of controlling and upgrading the quantity, readjusting the structure, and deepening reform. This year's enrollment in educational institutions should be lower than last year because of the readjustment of specialized subjects at local schools of higher education and the reform of the schooling system at secondary specialized schools. We should concentrate on basic education, enforce the law on compulsory education, and consolidate and upgrade the educational results. Schools of higher education should positively readjust their layers and specialized subjects, recruit students according to demands, upgrade their educational quality, continually implement the plan for cultivating and training talents that are competent for the development of the export-oriented economy, and readjust the institutions of higher learning subordinate to cities. We should positively and steadily develop secondary specialized education, readjust the inherent structure of secondary education, and strive to upgrade the efficiency of running schools. We should transform the service orientation of adult education and shift the focus of adult education from records of formal schooling to renewing and continual education.

We should further develop literature, art, broadcasting, television, publishing, and other cultural undertakings as well as sports undertakings; accelerate the construction of the provincial library, the color television tower, and the stadium for the second youths' sports games; and vigorously promote the building of the socialist, spiritual civilization.

Public health departments should thoroughly implement the principle of emphasizing prevention and should strengthen the prevention and curing of infectious diseases and various other diseases which seriously harm the people's health. We should continue to perfect medical conditions, stabilize family planning policies, and pay attention to family planning work in order to improve the quality of the people's lives.

We should also open up more channels for encouraging all fields in society to raise funds to initiate various kinds of educational and cultural undertakings.

F. We should deeply conduct the campaign of "increasing production and practicing economy, and increasing revenues and cutting expenditures," and should strive to comprehensively fulfill the national economic plan.

We should continue to conduct an extensive and penetrating campaign of a double increase and double economizing throughout the province, with the focus on "tapping potential, enhancing the level, opposing waste, and increasing efficiency."

First, we should vigorously economize on energy resources and raw materials and firmly grasp the work of changing deficits to profits. We should closely combine the campaign of a double increase and double economizing with the deepening of enterprise reform. The enterprise management contract responsibility system should be listed as a target item for increasing production and practicing economy. All enterprises should be demanded to maintain strict control over work quotas and to perfect the system of assuming responsibility for practicing economy. All losing enterprises should implement the system of assuming responsibility for attaining the target of halting deficits. With regard to those enterprises which have long sustained losses and for which it is hopeless to halt deficits, we should adopt such measures as merging, auctioning, leasing, or contracting them to others and announcing their bankruptcy with a view to making the deficits of losing enterprises considerably lower than last year. We should regard the endeavor to decrease the deficits of grain enterprises as a focal point in the work of changing deficits to profits and should resolutely reverse the situation in which the deficits of grain enterprises increase substantially year after year.

Second, we should expand the source of funds and tap the potential in the use of funds. Banks at all levels should try every possible means to attract savings deposits in order to expand the source of funds, and should attend to the regulation of funds. In adherence to the principles of "having both guarantees and restrictions and giving supports on a selective basis," banks at all levels should restrict the issuance of loans to fixed assets not covered by the plan, as well as ordinary loans, and should emphatically support the production and procurement of people's daily necessities, products which are in short supply on markets, and products earmarked for export to earn foreign exchange.

Third, we should carry out a tight financial policy, strive to increase revenues, and resolutely curb various non-productive expenditures. We should continue to conduct the "efficiency cup" emulation drive among industrial, commercial, and building enterprises in order to increase the economic efficiency of these enterprises and enable them to create more profits and income. We should conduct education on discipline and the legal system among the vast number of cadres and the masses, strictly enforce financial discipline, perfect the management system, and strengthen supervision and examination.

We should continue to strengthen the collection and management of tax revenues, and conduct regular general inspections of financial affairs. We should exercise strict control over the quotas of institutional purchases, strengthen the management of commodities under special control, strictly control the purchase of cars, consolidate and readjust the scale and standards for issuing labor insurance appliances, and clear up various kinds of clothes. We should strictly control such nonproductive expenses as unjustified financial levies, monetary contributions, assistance money, and celebration expenses. We should also strictly control expenses for receptions and social intercourse. We should vigorously curb various kinds of meetings and screen societies and associations, and consolidate newspapers and periodicals in order to relieve the situation of expenditures exceeding revenues.

#### Liaoning Appoints Education Inspectors

OW1604101289 Beijing XINHUA in English  
1033 GMT 15 Apr 89

[Text] Beijing, April 15 (XINHUA)—The government of northeast China's Liaoning Province has set up an educational inspection office and appointed nine inspectors, the overseas edition of "PEOPLE'S DAILY" reports today.

The nine inspectors, all influential figures in the educational circle, have been authorized to supervise, examine, and guide the work of schools.

The inspectors will also supervise and examine the enforcement of educational laws and regulations in the province and appraise the performance of local governments and educational administrative departments in educational work.

"The inspectors will promote the enforcement of the law of compulsory education, help solve the problems of classrooms, drop-outs and educational funds," said Liu Yuanda, director of the office.

They will also investigate moral education in schools and the quality of teachers, he added.

"If the inspectors find any major problems, they can report the matter directly to the heads of local governments," he said.

The office is now formulating regulations on educational inspection, Liu said.

#### Severe Drought Threatens Liaoning Province

HK1804015889 Beijing ZHONGGUO XINWEN  
SHE in Chinese 0409 GMT 14 Apr 89

[Report: "Severe Drought Hits Liaoning Province, Threatening Spring Sowing"—ZHONGGUO XINWEN SHE Headline]

[Text] Shenyang, 14 Apr (ZHONGGUO XINWEN SHE)—It is true that "spring production determines annual harvest." However, at present, nearly half of the

farmland in Liaoning Province has been hit by a severe drought, which is threatening the entire spring sowing and spring ploughing production of the province.

This spring, Liaoning Province has experienced its worst drought since 1972. Some 33.6 million mu of farmland, which accounts for over 42 percent of the cultivated land in the province, has been hit by a severe drought. Furthermore, some 0.24 million people now have difficulty in finding drinking water; thus, Liaoning Province is suffering the most serious drought in China. This situation has undoubtedly cast a shadow over agricultural production this year.

As most of the areas in the province received some 30-40 percent less rainfall last summer and autumn; received less rainfall and nearly no manorial rainfall last winter as compared with an average year; the temperature has remained high this spring, which has in turn resulted in an earlier defrosting of farmland and a rapid decrease in soil moisture. Most of the areas received no "lucky rain" this spring, and Liaoning Province has been suffering a very serious drought. As a result, the flow capacity of all the

large rivers and lakes has decreased; the water level of various reservoirs has dropped; medium-sized rivers and small rivers have become increasingly dry; and the underground water level has also fallen. In many areas, more than 10 centimeters of soil on farmland surfaces has become dry. Such a serious drought has adversely affected the spring sowing and spring ploughing production.

The state has now appropriated some 4 million yuan in special funds to help the province through the current drought. The people's governments at all levels have also raised, through various channels, more than 30 million yuan in special funds for resisting drought and have earmarked a large quantity of steel products, gasoline, diesel oil, and so on as materials for this purpose. Liaoning Province has also redoubled its efforts in digging wells, repairing ponds, building irrigation networks, and purchasing water tanks, water pumps, rubber belts, and so on. It has mobilized hundreds of thousands of people in an effort to fight against drought, preserve soil moisture, and protect spring sowing and spring ploughing production.

**Yan Mingfu Discusses Taiwan Question**  
*HK180411089 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 15, 10 Apr 89 pp 9-11*

[Article by LIAOWANG reporter: "Yan Mingfu Talks Freely About the Taiwan Question"]

[Text] Abstract: We have put forward the conception of "one country, two systems" based on the fact of the two sides of the strait and done all we can to solve the Taiwan question by peaceful means and to achieve the peaceful unification of the mainland and Taiwan. We place our hope on the Kuomintang [KMT] authorities and much more on the people of Taiwan.

Regarding "unification," it is not that one side forcibly imposes its will on the other side. Both sides sit down to talk and find a feasible plan. There is no question that cannot be solved if we set aside the private interests of a party and a group, face the 21st century, and are responsible to the later generations.

We are willing to discuss the national affairs with all parties, organizations, and people of various circles of Taiwan under the premise of unification. Some 20 new political organizations have now emerged in Taiwan. These organizations must mainly consider how the people of Taiwan look at them. We shall see more who advocates "unification" and who advocates the "independence of Taiwan."

Man-made separation makes the economies of both sides of the strait unable to give play to its own strong points in the international market. Export commodities "slaughter" each other and foreigners take advantage of this situation to benefit. If this situation is not changed, the two sides will suffer losses.

We always have not taken exception to the people's contacts between Taiwan and other countries. We are only opposed to the practical creation of "two Chinas" or "one China, one Taiwan." For example, it is the U.S.-Taiwan Relations Act that we opposed. One China should be the basic consensus of both sides.

We do not agree with the Taiwan authorities on their version: "It is united front work for the mainland to do business with Taiwan while Taiwan businessmen want to make money relatively purely." We do business also because we want to make money. The starting point of whatever we do is to gradually enable the population of 1.1 billion to attain the standard of being comparatively well-off without lowering by any means the living standard of the people of Taiwan. For the interests of the Taiwan people, advantages will be great in the event of peace and disadvantages will be great in the event of separation. The present state of "one-way, indirect, and secret" contacts between the two sides of the strait does not conform to the tendency. [end abstract]

Yan Mingfu, member of the Secretariat of the CPC Central Committee and director of the United Front Work Department of the CPC Central Committee, talked freely and to his heart's content to a LIAOWANG reporter about the Taiwan question in an interview a few days ago.

**Pinning More Hope on the People of Taiwan**

The talk first referred to the fact that some people abroad now hold that the mainland seems to attach importance only to the KMT in the Taiwan question but does not sufficiently understand the newly emerging force and the common people's state of mind. In view of this, Yan Mingfu said: "Taiwan is relatively clear about our proposition on the unification of our motherland and perhaps people who show concern for the future of Taiwan are clear."

Yan Mingfu said: "On the basis of the basic fact of the two sides of the strait, we have put forward the conception of 'one country, two systems' and done all we can to solve the Taiwan question by peaceful means and to achieve the peaceful unification of the mainland and Taiwan. We pin our hopes on the KMT authorities and much more on the people of Taiwan."

He said: "The CPC has had long-term contacts and connection with the KMT. Our contacts began in the 1920's and we cooperated when Dr. Sun Yat-sen was living. Therefore, we understand the history and the situation in the development of the KMT as clearly as the KMT understands ours. However, we do not merely pay attention to this. We also pay close attention to the economic development, people's movements, and different aspirations of all strata. Some people think that we do not understand the newly emerging force and the aspirations of the common people of Taiwan very sufficiently and this is true to a certain extent because of long-term separation."

It is because of this we propose: We are willing to extensively exchange views on the relations between the two sides of the strait with all parties, organizations, personages of various circles, and the common people of Taiwan. Our policy is: Hopes are placed on the Taiwan authorities and much more on the people of Taiwan. This reflects that we attach importance to the newly emerging force and the aspirations of the people of Taiwan."

Yan Mingfu said: "We are able to get more firsthand materials on the Taiwan situation with more and more Taiwan friends returning to the mainland. After the Taiwan authorities lifted the ban on Taiwan compatriots' visits to their relatives on the mainland, over 450,000 people have come to the mainland since last year. I think that the contacts between the people will grow more and more in the future."

### The Necessity of Having the Future of the Chinese Nation in Mind

As to Taiwan's "elastic diplomacy," there is now a version abroad that if Taiwan and the mainland cannot be unified in a short time, for the sake of subsistence, Taiwan has to develop its international economic relations, which has a bearing on the interests of the people of Taiwan.

In view of this, Yan Mingfu said: "We have always not taken exception to the people's contacts between Taiwan and other countries. It is our understanding that Taiwan businessmen have found it easy to go to all places in the world to do business. We have only opposed the practical creation of 'two Chinas' or 'one China, one Taiwan.' For example, it is the U.S.-Taiwan Relations Act that we oppose. We have not expressed opposition to the people's economic relations and trade between Taiwan and the United States. However, 'one China' is our principled stand. In the past, those in power in Taiwan had opposed to 'two Chinas' all along and while Mr. Chiang Ching-kuo also opposed 'two Chinas' while he was living. This should be the basic consensus of both sides."

At this time, Yan Mingfu switched the conversation to another subject, saying: "The present question is that we should not aim at the immediate and temporary interests but at the future of the Chinese nation. We should consider what attitude China will take in the international arena in the 21st century. The tendency toward current regional cooperation and regional trade blocs, like the EEC, has gradually become more apparent. The United States and Canada will also form a unified market and Japan is also advocating the Asia-Pacific market. In this great situation, unification is advantageous to both sides while continuous separation is disadvantageous to both sides considering the interests of the two sides of the strait. Comparatively speaking, the ability of Taiwan's economic independence is not so strong as that of the mainland under the circumstances of increasingly serious protectionism. Therefore, in the interests of the Taiwan people, advantages will be great in the event of peace and disadvantages will be great in the event of separation."

He said that for instance, in the economic aspect, our industrialists and medium-sized and small enterprises are, in fact, competing with those of Taiwan in the international market. After we woke up from the dreadful nightmare of the 10 years' "Cultural Revolution," we wanted to develop our economy and export. As the export commodities of the mainland and Taiwan are almost the same, mutual competition and mutual "slaughter" have, in fact, emerged and foreigners have taken advantage of this situation to benefit themselves. For example, the price of the labor service of Taiwan is 5 to 10 times as great as that of the mainland. Several years ago, Taiwan exported 3 million bicycles to the United States and later and later, foreign businessmen found manufacturers on the mainland, asked for \$1 less

for each bicycle, and gave orders for these goods to the mainland instead of Taiwan. This meant that 3 million bicycles were \$3 million. Furthermore, for instance, Taiwan exports 10 million pair of travelling shoes a year but many big bosses have come to the mainland for the production of these goods because its labor service expenses are lower than that of Taiwan.

Yan Mingfu pointed out: "Man-made separation between us has made each of us unable make a fist to give play to our strong points. [sentence as received] If this situation is not changed, losses can only be caused to the people of Taiwan and no benefit will be brought to them."

### No Question That Cannot Be Solved

The conversation also touched upon the worries of people abroad, which were due to the long-term antagonism between Taiwan and the mainland and which made the contacts between both sides appear to be very difficult. Yan Mingfu said: "My view is that so long as contacts are established, understanding can be gained in everything. Regarding 'unification,' it is not that one side forcibly imposes its will on the other side but that both sides sit down to talk to each other, to fully exchange views, and to find a feasible plan. Mr. Hu Chiu-yuan came to the mainland and he is advanced in age. He had many friends in the former Chinese People's Political Consultative Conference [CPPCC] in the past and wanted to see them but this aroused a great disturbance and he was expelled from the Kuomintang [KMT] by the KMT authorities. His proposition can be discussed as a scheme. The proposition of the CPC is 'one country two systems' and Taiwan friends' views, if any, can also be discussed. The systems of the mainland and Taiwan are different and no one should forcibly impose its will on the other side. It is necessary to discuss what form is actually needed. The KMT has proposed that 'China is to be unified by the three people's principles,' which is in fact that China 'is to be unified' by the KMT. We say that we do not oppose the three people's principles and our communism also includes the 'three people's principles'."

He said that there were many things the two sides of the strait could discuss. For example, the advanced science and technology of the mainland have surpassed those of Taiwan as a whole and in category and Taiwan friends have also admitted it. Our shortcoming is that we have not integrated with the market and production and Taiwan has done better than we have in this aspect and have quick access to information through channels in the international market. We, therefore, say that we can talk item by item and study what we should do. The present state of "one-way, indirect, and secret" contacts between the two sides of the strait does not conform to the tendency.

Yan Mingfu said: "If we leave aside the private interests of a party and a group, face the 21st century, and are responsible to the later generations, there is no question that cannot be solved."

### Bright Prospects for Exchanges Between Two Sides of the Strait

In his day-to-day interviews, the reporter has learned that many Taiwan businessmen are willing to make investments on the mainland but they are concerned with a very practical question: Are there any laws made to effectively protect their interests?

In view of this, Yan Mingfu said: "China has several law-making ways. The National People's Congress [NPC] may revise the Constitution and formulate the criminal, civil, and other basic laws; the NPC Standing Committee may formulate other laws than the basic law; by virtue of the Constitution and basic law, the State Council may formulate the administrative laws and regulations; all provinces, autonomous regions, and municipalities directly under the central government may formulate local laws and regulations that are not in conflict with the Constitution, basic law, and administrative laws and regulations promulgated by the State Council; minority nationality autonomous regions may also formulate autonomous regulations or specific regulations. By virtue of the power conferred on by the NPC, the State Council may also formulate laws and regulations. For example, the regulations of 22 articles on encouraging Taiwan compatriots to make investments formulated and promulgated by the State Council is one of them and it also has the same legal effect."

Yan Mingfu disclosed that at present, departments concerned were making preparations for the establishment of an advisory service structure from top to bottom to serve Taiwan compatriots.

Yan Mingfu said: "To further develop the relations between the two sides of the strait, we must make efforts to do the three aspects of work well in the future. 1) It is necessary to do well in receiving the Taiwan compatriots. The bad order and arbitrary collection of fees now are bad phenomena and must be rectified; 2) It is essential to promote trade and contacts between the two sides of the strait, to turn mutual competition into mutual supplement and mutual benefit, and to give play to their own strong points of extensive economic relations and trade.

3) Extensive exchanges are to be conducted in all aspects and they include the cultural, sports, scientific, and technological spheres. There are bright prospects for the exchanges in these aspects."

Yan Mingfu said: "The question of names at the Asian Games is being solved. I think that both sides swap can skills and promote each other and this will be advantageous to all of us. Moreover, drama and orthodox Beijing opera are on the mainland, so are traditional Chinese medical science and the system of deep breathing exercises. In traditional Chinese painting, the quintessence of Chinese culture of the Chinese nation is also on the mainland. Why are exchanges between the two sides of the

strait not allowed? Taiwan holds a large-scale ceremony to offer sacrifices to Confucius every year. However, the Confucian mansion house and Confucian temple are both on the mainland. Why do they not come to the mainland to offer sacrifices to Confucius together? We can leave aside politics but only discuss Confucianism, the doctrines of Laozi and Zhuangzi, and Chinese cultural traditions. In the area of films, Taiwan has very good films. The films directed by Mr. Pai Ching-jui have great depth. If the two sides of the strait can cooperate in the aspect of films, with the participation of Hong Kong, the international status of our films will be much higher."

Yan Mingfu said: "I do not agree with the version of the Taiwan authorities. 'It is united front work for the mainland to do business with Taiwan while Taiwan businessmen want to make money relatively purely.' We do business also because we want to make money. The amount of imports and exports is some 100 billion yuan a year. If we do business for 'united front work,' can the 'united front work' score such results? We also want to subsist and to make the population of approximately 1.1 billion have sufficient food and clothing. Compared with the 20 million people of Taiwan, what a heavy burden it is. The starting point of whatever we do is to gradually enable the population of approximately 1.1 billion to attain the standard of being comparatively well-off. We have no plan whatsoever for self-development by lowering the standard of living of the people of Taiwan."

### Depending on Aspirations of the People of Taiwan

The conversation also dealt with a number of political parties which have now newly emerged in Taiwan and which include the Democratic Progressive Party that won 30 percent of the votes. How are these political parties treated? Yan Mingfu said: "I can say very frankly that we can approach this question by seeing who advocates 'unification' and who advocate the 'independence of Taiwan.' We know that the Democratic Progressive Party has emerged under the specific conditions of Taiwan and we are very clear about its historical course. Some 20 new political parties have now emerged in Taiwan. Regarding these organizations, we must mainly consider how the people of Taiwan look at them."

He said: "I have seen many friends of the Democratic Progressive Party and talked with them very frankly. We do not agree on those views of those friends and have given a clear and definite manifestation. In the light of the interests of the nation, we consider all the more how the two sides of the strait are united for mutual development. As I mentioned above, under the premise of unification, we are willing to discuss the national affairs together with all parties and organizations and the people of various circles of Taiwan. The questions can somehow be solved fair and reasonably."

### Groundless Conjecture

In conclusion, Yan Mingfu also clarified a rumor about him that it was previously rumored abroad that Yan Mingfu would come to Hong Kong to replace Xu Jiatun.

Yan Mingfu said: "This is a complete a misunderstanding. After I was selected for the Secretariat, I was assigned to keep ties with trade unions and women's and youth organizations. I played a part in maintaining contacts between them and the central authorities. When three Hong Kong delegations of young elite came to Beijing last year, in addition to Director Ji Pengfei who met the young friends, I also met them. We talked for more than an hour each time. At that time, a Hong Kong television station made video tape recording and played back the recording in Hong Kong, giving rise to this rumor. However, this conjectural rumor is completely groundless."

**Jurists Discuss Mainland-Taiwan Relationship**  
*OW1604044689 Beijing XINHUA in English*  
*1814 GMT 15 Apr 89*

[Text] Beijing, April 15 (XINHUA)—A group of mainland jurists offered the State Council and National People's Congress here today a proposal for formulating regulations on the relationship between the people on the two sides of the Taiwan Strait.

The proposal lists 34 regulations on rights of inheritance, marital affairs, civil arbitration, criminal administration, and the political and civil rights and duties of the people on both sides of the strait.

In an academic discussion on the proposal, Zhang Jin-fan, director of the Taiwan Law Research Institute, said the jurists had drafted the proposed regulations on the principles of "one country, two systems" and on the basis of reality and equality.

He said they will be sent to the State Council and National People's Congress after discussion.

The Taiwan Law Research Institute, founded on February 27 in Beijing, held an academic discussion at the end of last month on Taiwan's newly-published provisional regulations on the relationship of the mainland-Taiwan people.

In the discussion, the more than 50 mainland jurists affirmed the significance of Taiwan's draft regulations but said some articles are unreasonable. Some jurists suggested that the mainland formulate the same kind of regulations to coincide with the rapid development of the relationship between the people on both sides of the strait.

Xu Chongde, a professor of the People's University of China and one of the jurists who drafted the Hong Kong Basic Law, told XINHUA that it is important for a non-governmental institute to provide the state legislative body with such a scientific basis.

He described the proposals as "very necessary" when the rapid development of the relationship between the people on the two sides of the strait has generated many new issues that cannot be handled by existing laws.

Some contradictions exist between the mainland jurists' proposals and Taiwan's draft regulations on the rights of inheritance and marital affairs.

The jurists of the Taiwan Law Research Institute hope that some day they can sit at the same table with their Taiwan counterparts to discuss the formulation of laws involving the relationship of the people separated by the Taiwan Strait.

Zou Yu, deputy director of the Internal and Judicial Committee of the National People's Congress, Ma Yuan, vice-president of Supreme People's Court, and Zhang Youyu, noted jurist, were invited to be the advisers to the Taiwan Law Research Institute.

**Commentary Discusses Death of Hu Yaobang**  
*OW1804120189 Taipei International Service  
in English 0200 GMT 18 Apr 89*

[Station commentary: "Death of a Liberal"]

[Text] Hu Yao-pang, the liberal-leaning secretary general of the Chinese Communist Party from 1980 until his ouster in 1987, died on Saturday [15 April] after a heart attack last week. He was hospitalized a week earlier after suffering an attack during a Politburo meeting.

Hu, who died at the age of 74, was once considered the top protege of communist China's paramount leader, Teng Hsiao-ping. In the mid-80's, Hu rose to become chief of the Communist Party, the most powerful position in title, and only second in command behind Teng.

Hu was part of the post-Mao era leadership triumvirate of himself, Teng, and Chao Tsu-yang, who currently heads the Chinese Communist Party. The three of them have been considered liberals, who disdained ideology in favor of pragmatic solutions to Mainland China's overwhelming developmental problems. At the height of his career in 1986, Hu was in line to succeed Teng. It was taken for granted that he would be the man who would see to it that Teng's pragmatic, market-oriented reforms would continue after Teng passed from the scene.

But Hu fell from grace in the Communist Party in early 1987, when mainland-wide student demonstrations shocked the communist regime. Maoist hardliners in the party accused Hu of being too lenient, even to the point of supporting the students, and demanded his ouster. In what has since been observed as revelation of weakness on Teng's part, Hu was indeed removed from the secretary-generalship of the party. He was permitted to retain his Politburo post, however.

Thus, Hu's misfortune at the hands of Maoist leftovers in the Communist Party was seen as a major political setback not only for Teng, but for the pro-democracy movement in Mainland China as well.

The anti-reformist faction in the party evidently had always held Hu in suspicion, partly because of his blunt criticisms of Mao, and his outspokenness in other areas where communist performance had been lacking. Hu was known as a man who said what was always on his mind, even if it cost him political points in the Politburo.

In early 1987, when the student demonstrations were picking up steam, Hu also dared to question the validity of Marxism. He doubted its relevance to modern China, and helped set the tone for an ongoing debate on the subject.

Foreign diplomats in Peking at first thought that Hu's death would present yet another setback for Teng and the reformists. Yet, the opposite may be true.

As news of his death met upon the ears of the masses, particularly in Peking, people came out of the woodwork to praise him, and to use the occasion of his death to take shots at the Chinese Communist Party.

Students at the prestigious Peking University immediately put up posters declaring a mourning period for Hu. They called for more democracy in his memory, and said that his death was in fact a blow to the great cause of democracy on the mainland.

Now it is up to Teng Hsiao-ping's other righthand man, Chao Tsu-yang, to carry the torch of reform. Chao, too, has been under attack lately, making the political future of the mainland uncertain. Hu's death adds to that uncertainty at a crucial time.

**Premier Supports 'One China, Two Governments'**  
*OW1604040989 Taipei CHUNG KUO SHIH PAO  
in Chinese 29 Mar 89 p 1*

[Text] The Chinese communists have continued to promote their "one country, two systems" proposal in an attempt to downgrade the Republic of China [ROC] Government into a local government and have vigorously opposed the ROC's policy of elastic diplomacy. Under this united front offensive, Premier Yu Kuo-hua, speaking at the Legislative Yuan on 28 March, agreed that the "one country, two governments" concept is a good idea for countering the Chinese communists' united front offensive. The concept will be used as reference in formulating the mainland policy at the present stage.

However, Yu Kuo-hua also noted emphatically that although the concept was a good one, he personally thinks that the possibility of its being accepted was dim because the concept does not accord with the present policies pursued by the CPC.

Upon his return from a visit to Singapore this month, President Li Teng-hui stressed that the ROC is willing to ignore the question of name and will no longer stick to one pattern in an attempt to go all out to expand its essential diplomacy while adhering to the principle of maintaining its independence and sovereignty. In response to this remark, the Chinese communist Foreign Minister Chien Chi-chen strongly criticized and opposed the ROC's "elastic diplomacy" at a news conference for Chinese and foreign reporters held in Peking 2 days ago. However, Premier Yu Kuo-hua, answering an interpellation at the Legislative Yuan yesterday, endorsed President Li Teng-hui's exposition on the ROC's foreign policy during the present stage. For the first time, he expressed openly, specifically, and progressively his views on the new concept for breaking the diplomacy predicament.

Interpellation on the work of the government continued at the Legislative Yuan yesterday. When asking a question, KMT [Kuomintang] legislator Lin Yu-hsiang

pointed out: Both sides of the Taiwan Strait agree that there is only one China, but since we do not recognize the other side as the central government and since we do not want to be regarded as a local government, it seems necessary to explicitly put forward the "two equal governments" proposal. The CPC may not accept this idea today, but after it has corrected its thinking, it will naturally accept it in the face of reality.

Lin Yu-hsiang stressed: Although the authorities on both sides refuse to recognize each other's legality, it is an undeniable fact that they have been in existence for 40 years. "Two governments" is not the same as "two Chinas." For the well-being of the people on both sides of the Taiwan Strait, we should seek real cooperation, because this will serve the interests of the Chinese nation.

In answering the interpellation, Yu Kuo-hua noted: The idea of "two governments" is very good, but it is doubtful if the CPC will accept it. The Chinese communists have suggested the Hong Kong model; that is, they want to make Taiwan a local government in rank, as they will do with the Hong Kong Government. That is why they have never ceased their efforts to isolate and downgrade us.

Lin Yu-hsiang stressed: Whether the Chinese communists are stupid enough to get themselves buried in the question of the relationship between the principal and the subordinate, or whether they should accept the fact of the existence of the ROC Government, abandon the "one country, two systems" proposal, and accept the proposal of two governments on equal footing, is a matter for them to worry about. We should not exceed our functions and meddle in others' affairs, for this might stagnate our own policy.

**Commentary on Idea of Taiwan-Mainland Coexistence**  
*OW1904115189 Taipei International Service  
in English 0200 GMT 19 Apr 89*

[Station commentary: "A New Status Quo"]

[Text] First, it was one country, two systems. That idea for a coexistence plan between Taiwan and the communist-occupied mainland of China came courtesy of Peking. Now, it might be one country, two governments, and two systems, an idea put forth recently by some officials in Taipei. Whether the two governments plan ever becomes reality, at least one thing is for sure: There is a lot more creative thinking going on with regard to the Chinese status quo.

For the past 40 years, Taiwan and the mainland of China have existed in a state of war, if not on the battlefields, but in words. Neither side has really been civil to the other. The communists have always said they reserve the "right" to invade Taiwan and turn the island into a bloodbath if the Taiwan Chinese refuse to negotiate Chinese unification on Peking's terms. Meanwhile,

Taipei has often repeated that it will not have any contacts with the Chinese communist regime whatsoever, so long as communism still exists on the mainland.

It's no wonder then that the two sides have remained far apart on the unification issue, or even on the issue of an attempt toward a negotiated settlement of their differences. The main difficulty lies in the problem of cross recognition. Each side refuses to officially recognize the existence of the other. In real terms, Taipei's insistence that it is the sole, legal government of all China is matched by an overlapping claim of the same by Peking. It is likely that neither side will ever agree to subordinate itself to the other in a unified China.

So the deadlock will remain a deadlock for a long time. Few people doubt that.

In the meantime, however, is it possible for the divided Chinese to get along in a civil manner, while time takes care of the unification issue?

More and more, the answer appears to be yes. And a lot of the reasons for optimism spring from Taipei these days. The Government of the Republic of China on Taiwan is moving quickly to defuse tensions by opening up to the mainland on a broad level of unofficial, people-to-people, contacts. The once closed door has now swung open a bit; and so far, Taipei has found that the benefits of the opening to the mainland outweigh the costs, and the risks, to national security.

The one country, two systems idea never really jelled in Taipei. Agreeing that most Chinese will live under a bankrupt communist system while the 19 million Taiwan Chinese live in freedom and prosperity has always rubbed Taipei the wrong way. It is not right, let alone practical.

So, some people in Taipei are now pushing a more pragmatic line of reasoning on the status quo, embodied in the one country, two governments plan. The idea is somewhat akin to cross-recognition, but does not go that far. What all the proponents of this idea are saying is that Taipei and Peking should admit to each other's existence, and get on with the business of getting along, such as the two Germanys do. Meanwhile, neither side will abandon the principle of one China, nor the goal of unification.

Perhaps this is an idea whose time has come. Perhaps it is just wishful thinking. As with most things Chinese. Only time will tell.

**More Mainland Chinese Attempt To Sneak In**  
*OW1904054589 Taipei CNA in English  
0338 GMT 19 Apr 89*

[Text] Taipei, April 19 (CNA)—Garrison troopers and law enforcement officials Tuesday arrested 61 Mainland Chinese who tried to sneak into Taiwan at waters off Taipei County and Taipei City.

Police and officials of the Taiwan Garrison Command said that 22 Mainland Chinese were found attempting to get ashore at Taipei County's Shihmen Village and Juifang Township, as well as in the outskirts of Taipei.

Coast guard patrol ships also intercepted a Mainland Chinese fishing boat in waters off Tamsui, and arrested 39 Mainland Chinese stowaways.

The military and police authorities are investigating the cases.

#### **Delegates to Beijing Meeting To Leave 1 May**

*OW1704103189 Taipei Domestic Service in Mandarin  
2300 GMT 15 Apr 89*

[Text] In answering legislators' interpellations at a meeting of the Finance Committee of the Legislative Yuan on 15 April, Shirley Kuo, minister of finance, said: The delegation to the ADB [Asian Development Bank] conference will leave for Peiping on 1 May to attend the annual conference of the ADB. Because we do not have any air link with the mainland, the delegation will go by United Airlines from Tokyo to Peiping.

#### **Taiwan Gymnastics Squad Leaves for Mainland**

*OW1804123889 Taipei CNA in English 1518 GMT  
17 Apr 89*

[Text] Chiang Kai-shek Airport, northern Taiwan, April 17 (CNA)—The Republic of China [ROC] youth gymnastics team left here Monday morning for the China mainland to compete in the 1989 Asian Youth Gymnastics Championships, which will open in Peiping April 21.

Clad in cream-colored suits, the ROC gymnasts, the first ROC sports group to compete on the mainland over four decades, were in a merry mood when they checked in at the airport.

The team will stop over in Hong Kong en route from Taipei to Peiping. More than 20 local reporters were also on board to cover the mainland event.

On hand to see them off were Chang Feng-hsu, president of the Chinese Taipei Olympic Committee, and committee Secretary-General Lee Ching-hua.

Chang told the gymnasts, most of them teenage girls, to take care of themselves so they can perform their best for mainland gymnastics fans.

Lee referred to "My Future Is Not a Dream," a popular song among local students, to encourage the young gymnasts to become international gymnastics stars.

#### **USSR Seeks To Attend Pacific Basin Meeting**

##### **Cabinet Approves Visit**

*OW1604040889 Taipei International Service  
in English 0200 GMT 9 Apr 89*

[Text] The cabinet late on Friday gave the go ahead to invite two Soviet observers to attend the annual meeting of the Pacific Basin Economic Council [PBEC] scheduled to be held here in May. With the cabinet statement, the ROC [Republic of China] chapter of the PBEC will now invite the Soviet observers.

The cabinet decision followed another earlier breakthrough by the Interior Ministry to allow two Soviet beauty contestants to take part in the 1989 Miss Wonderland Beauty Pageant currently going on on the island.

The PBEC is a nongovernmental organization promoting cooperation and exchange between member nations in trade, investment, finance, and technology.

##### **Soviet Observer To Attend**

*OW1604070689 Taipei Domestic Service  
in Mandarin 2300 GMT 14 Apr 89*

[Text] The 22d Pacific Basin Meeting is scheduled to open in Taipei on 14 May. The Soviet Union has decided to send nongovernmental observers to the meeting. To our knowledge, the Ministry of Foreign Affairs of our country has approved the Soviet observers' entry applications.

##### **More on USSR Attendance**

*OW1804051189 Taipei CNA in English  
0336 GMT 18 Apr 89*

[Text] Washington, April 17 (CNA)—The Soviet Union has asked for participation in the forthcoming annual meeting of the Pacific Basin Economic Council (PBEC) to be held in Taipei next month, but so far, has not provided information needed for getting an invitation from the headquarters of PBEC, according to Sean Randolph, international director general of PBEC.

But Randolph pointed out that it is still possible for a Soviet presence in Taipei at the PBEC annual meeting from May 15 to 18, if the Soviet Union could speed up their applications.

In a telephone interview, Randolph told CNA reporter Monday that the "USSR Association for Business Cooperation with Countries of Asian/Pacific Region" in Vladivostok approached him in January this year about the possibility of participating in the meeting of PBEC, a private, regional organization dedicated to expanding trade and investment in the Pacific, and the PBEC agreed to invite it to the meeting in Taipei as observer under certain requirements.

PBEC asked the Soviet Union to provide names and backgrounds of its participants and other information prior to issuing formal invitations, but has not received anything yet, said Randolph, adding that the communication between PBEC and Soviet association for business cooperation is very difficult.

Analyzing the Soviet motive for participating in the PBEC activities, Randolph did not believe it has anything to do with the location of meeting, but that under glasnost, the Soviet Union wants to learn from and contact more with Pacific countries, and to explore and attract investments from Pacific countries.

Visas to Taiwan would not be a problem for the Soviet participation, but it has to provide all information required, such as names, photographs, and affiliations, said Randolph, who had served at the U.S. Departments of State and Energy and the White House before becoming international director general of PBEC.

The May PBEC meeting in Taipei is the first one hosted by the Republic of China PBEC Committee since it joined PBEC five years ago under the name of "Chinese Member Committee of PBEC in Taipei."

PBEC, founded in 1967, is composed of member committees of seven countries, the ROC, the U.S., Japan, Korea, Canada, Australia, and New Zealand.

Randolph said Chile and Mexico, and possibly Hong Kong, would become members in the Taipei meeting, expanding the organization to Latin America.

Mainland China has also shown interest in becoming a member in the future and there has been some discussion, he said, noting that PBEC is approaching Thailand and Malaysia about their participation.

The major topic of the Taipei meeting would be the roles of Asian and Pacific newly industrializing countries in the changing economic structure of the Pacific region. The discussions will also include such issues as agricultural trade, foreign exchange fluctuation and free trade.

**Official on Trade Balance With Japan, U.S.**  
*OW1404113089 Taipei International Service*  
*in English 0200 GMT 13 Apr 89*

[Text] Director General Chiang Ping-kun of the Board of Foreign Trade stated on Wednesday that the ROC's [Republic of China's] unfavorable trade situation in relation to Japan will continue to increase in the foreseeable future. Chiang made the remark in reply to a legislator who expressed concern over the issue.

Chiang reported that in 1987 the Korean trade deficit with Japan reached \$5.2 billion, however the trade deficit declined to \$3.8 billion in 1988, while in the ROC's case, the Sino-Japanese trade imbalance has increased from \$4.8 billion to \$6 billion in the same period, favoring Japan.

Chiang further noted that the ROC should learn from the Korean experience, which is to procure more high-tech products from Japan. Meanwhile, the ROC should encourage local traders and banking institutions to set up branch offices in Japan as well as establish trading centers in Osaka and Tokyo.

In a related news, Chiang pointed out on Wednesday that by 1992 the ROC will reduce its current exports to the U.S. to less than one third. According to Chiang, although the ROC trade surplus totaled \$18.7 billion in 1987 and \$10.9 billion in 1988, the trade surplus with the U.S. accounted for \$10.4 billion [year not given], constituting 95 percent of the ROC's total trade surplus.

In order to effectively diversify the market and balance the Sino-U.S. trade gap, the Board of Foreign Trade has mapped out detailed measures based on a working plan to promote economic activities with the United States. Based on the plan, it is expected to reduce the Sino-U.S. trade surplus by 10 percent annually.

**Honduran President Azcona Visits Industrial Park**  
*OW1504003689 Taipei CNA in English 1553 GMT*  
*14 Apr 89*

[Text] Taipei, April 14 (CNA)—Honduran President Jose Simon Azcona Hoyo said hello to his own people Friday while visiting a high-tech company in the Hsin-chu science-based industrial park, the Republic of China [ROC] version of "Silicon Valley."

While visiting a company, which specializes in making microwave telecommunications equipment, the Honduran head of state was asked to test its products.

Azcona picked up a telephone and found himself talking directly to his family in Honduras. He asked them to give his greetings to the Honduran people.

When Azcona saw the sophisticated IC boards at Acer Incorporated, one of the ROC's top computer makers, he told his staff that Honduras could learn much from the ROC in the area of high technology.

In the afternoon, President Azcona visited Taipei City's job training center, where he was briefed on an ROC plan to assist foreign countries to develop vocational training.

The Honduran president showed keen interest in the ROC plan, according to Foreign Ministry and Labor Council officials who were accompanying Azcona.

Later he played a goodwill ping pong match with Taipei Mayor Wu Po-hsiung and Chou Lin-cheng, president of the ROC Table Tennis Association at the China Youth Corps' youth center in Chientan close to the hotel in which he was staying.

The 63-year-old Azcona beat Wu, much younger than he, 3-0. He even defeated the former national team member Chou Lin-cheng 3-1.

In the evening, Azcona and his wife were guests of honor at a dinner given by Premier Yu Kuo-hwa at the Grand Hotel.

Praising Azcona as a distinguished statesman, Yu said he hopes relations between Honduras and the ROC will be consolidated and bilateral cooperation strengthened.

Azcona said his calls at various institutions here have shown him that the Chinese people on Taiwan are patriotic and support their government.

He said his country shares the ROC goals of upholding world peace and seeking prosperity for all Chinese.

Azcona, the first foreign president to visit the ROC since President Li Teng-hui took over the government's reins in January 1988, arrived here on Wednesday. He is scheduled to leave on Sunday.

#### Singapore Deputy Premier Arrives 17 Apr

OW1804124989 Taipei CNA in English  
1514 GMT 17 Apr 89

[Text] Taipei, April 17 (CNA)—Goh Chok Tong, Singapore's first deputy prime minister and minister for defence, and Mrs. Goh arrived in Taipei Monday afternoon for a six-day visit to the Republic of China [ROC].

The Gohs were greeted by ranking Chinese Government officials, including Vice Premier Shih Chi-yang, Foreign Minister Lien Chan, Defense Minister Cheng Wei-yuan and Chiang Hsiao-wu, the ROC representative in Singapore, upon their arrival at Chiang Kai-shek International Airport in Taoyuan.

Several Singaporean officials, including Ministers of State Mah Bow Tan (trade and industry and communications and information) and Peter Sung (foreign affairs and national development), and three parliamentarians are accompanying Deputy Prime Minister Goh on the visit.

While here, Goh and his party will meet with Premier Yu Kuo-hua, vice premier Shih Chi-yang and other ranking government officials to discuss ways to further strengthen substantive relations between the two countries.

They will also visit a military base in Central Taiwan to review "Operation Starlight," maneuvered by Singapore troops training in the Republic of China.

Under an agreement signed between the two governments in 1975, the ROC has helped Singapore train 130,000 troops during the past 14 years.

#### Suicide of Opposition Journalist Explained

OW1704093889 Taipei International Service  
in English 0200 GMT 9 Apr 89

[Text] Director General of the National Police Administration Luo Chang stated on Saturday that according to preliminary statements by witnesses, Cheng Nan-jung, in order to resist arrest, triggered fire which led to his death. Luo was referring to an incident on Friday in which Cheng, chief editor of an opposition magazine, started a fire at his magazine office, killing himself and injuring more than 10 arresting officers. Cheng was to be arrested for sedition. Cheng reportedly hurled the Molotov cocktail at officers when they were sent to arrest him for printing a proposed new constitution for Taiwan in his magazine. The police chief said that if it was not for the Chungshan police branch first making detailed preparations, the number of people injured or killed in the incident could have been much higher.

Luo stated at the Legislative Yuan that the Molotov cocktail that Cheng hurled in all caused injury to 18 people, 3 seriously. Luo noted that according to statements made by witnesses to the incident, Cheng began to store gasoline in his magazine office in January, almost after a warrant was put out for his arrest. It was reported that Cheng furthermore stated that he would be willing to die to resist arrest. Luo stated that investigations by firemen have shown plastic devices in various parts of Cheng's office, which had the smell of gasoline. Luo praised the steps which the police took and said that the incident was handled correctly.

#### Correction to Commentary on East Bloc Revolution

The following correction pertains to the item headlined "Commentary Views Eastern Bloc 'Revolution'" published on page 74 of the 12 April China DAILY REPORT:

Sourceline should read: Taipei International Service in English 0200 GMT 12 Apr 89.

## Hong Kong

### Councillors Reject 'Cha China' Proposal

HK1504011789 Hong Kong SOUTH CHINA MORNING POST in English 15 Apr 89 p 1

[By John Tang]

[Text] Executive and legislative councillors have come out against the controversial political blueprint for post-1997 Hong Kong contained in the revised Basic Law draft.

The councillors yesterday spelt out their reservations about the "Cha China" proposal, which imposes stringent conditions on the introduction of full, direct elections for future legislators and chief executives.

In their first official comments on the revised draft, the councillors rejected the idea that referendums be held to decide on universal suffrage.

Instead, they called on the Beijing-appointed drafters to work out a definite timetable for developing the local political system.

The councillors will make their stance known to the British Parliamentary Foreign Affairs Committee (FAC), which will be in Hong Kong next week to investigate the implementation of the Sino-British Joint Declaration.

The much-criticised Cha-China formula proposes that separate referendums be held to decide whether to introduce direct elections for the chief executive and the full legislature by 2012.

Proposed by drafter Louis Cha and modified by China Chi-min, the model also seeks to impose rigid controls on the referendum results, saying they will only be valid "with the affirmative vote of more than 30 per cent of the eligible voters".

The package, denounced by some pressure groups as "undemocratic and ultra-conservative", triggered a series of street protests after it was endorsed by the Standing Committee of the Chinese National People's Congress in February.

Speaking after an Omelco [Organization of Members of the Executive and Legislative Councils] in-house meeting yesterday, Executive Councillor Rosanna Tam Wong Yick-ming said the proposal failed to offer residents a sense of certainty.

"Members feel that there should be a clear-cut timetable for the selection of the chief executive and the formation of the legislature. We feel that certainty is important and therefore a timetable is essential," she said.

Some councillors are also worried that the outcome of such referendums would be disputed.

The 49 non-civil service councillors also reached a consensus on other vital topics, including the power to interpret and amend the Basic Law, and the mini-constitution's relationship with the Joint Declaration.

However, they failed to reach a common stance on several other crucial issues, such as the composition of the post-1997 legislature.

Mrs Tam said members would make a verbal presentation during their private meeting with the visiting MPs [members of parliament].

She will speak on behalf of the councillors on the relations between the executive and the legislature, while Mr Andrew Wong Wang-fat will lead the discussions on the interpretation of the Basic Law.

Legislators Mr Ronald Arculli, Mr Stephen Cheong Kam-chuen and Mr Jimmy McGregor will focus on other Basic Law-related topics.

The councillors' plan to present a written submission to the FAC was dashed by a lack of consensus during earlier meetings of the Omelco Constitutional Development Panel.

It is understood that the few agreements reached yesterday were achieved only after painstaking efforts by Senior Executive Councillor Dame Lydia Dunn.

But Mrs Tam would only say that a written submission was out of the question because of the complexity of the matter, and the fact that they had missed the March 31 submission deadline.

One liberal legislator said he was satisfied that the present Omelco stance had succeeded in laying down a set of general principles for the compilation of the Constitutional Development Panel's future report on the draft Basic Law.

### Official Comments on SRV Refugee Situation

OW1504215289 Beijing XINHUA in English 1531 GMT 15 Apr 89

[Text] Hong Kong, April 15 (XINHUA)—The current speed and amount of repatriation of Vietnamese boat people could hardly produce an effective result as to halt the ever surging floods of boat people into Hong Kong, a local official said here today.

A Vietnamese Government delegation is in Hong Kong now to issue travel documents to the second batch of Vietnamese boat people to be sent home later either on April 27 or May 13.

But it is reported that only about half of the original 122 who volunteered to have been repatriated have agreed to be interviewed by the Vietnamese officials this time. The first repatriation occurred on March 7 which sent 75 back home.

Executive and Legislative Councillor Fan Hsu Lai-Tai told reporters earlier today that it was really doubtful if such a small number of boat people arriving home could spread the message that it was complete impossible for illegal immigrants to stay in Hong Kong or go elsewhere.

She said that only "natural repatriation" in big numbers could play a positive role. And the idea was supported by the majority of the executive and legislative councillors, she added.

Now the Vietnamese Government still insists on receiving only those who volunteered to be sent back to Vietnam themselves, thus making the repatriation more difficult.

She urged the British Government to make a clear stand on this matter and to coordinate the efforts of the United Nations High Commissioner for Refugees (UNHCR) for an early decision.

**Refugees Back Out of Returning**  
*BK1504123589 Hong Kong AFP in English  
1219 GMT 15 Apr 89*

[Text] Hong Kong, April 15 (AFP)—Nearly half of the second batch of 120 Vietnamese "boat people" who have expressed a desire to go home backed out after a Vietnamese delegation arrived to issue them travel documents, a government spokesman said here Saturday.

Only 58 were still willing to return, the spokesman added.

The first batch of 75 such volunteers left here last month for Hanoi.

The UN High Commissioner for Refugees (UNHCR) charge de mission, Fazlul Karim, has repeatedly stressed that the boat people are entitled to change their minds up to the very last moment.

The four-member Vietnamese delegation will start interviewing the volunteers Monday, and delegation leader Tran Quoc Van told reporters Saturday that he expected the second repatriation journey to take place at the end of April.

Both the UNHCR and Hanoi have insisted on voluntary repatriation only, despite efforts by the Hong Kong Government to implement "mandatory repatriation" as the final solution for the continual inflow of boat people into this British colony.

The Hong Kong Government introduced a new screening policy last June in a bid to differentiate genuine

political refugees from those fleeing Vietnam for economic reasons. Those screened out will be treated as illegal immigrants pending repatriation.

Among a total of more than 26,000 Vietnamese boat people here, about 12,000 arrived after the policy switch.

**Commentary Discusses SRV Boat People Problem**  
*HK1504070189 Beijing XINHUA Hong Kong Service  
in Chinese 1253 GMT 12 Apr 89*

[Commentary: "An Unstable Factor in Hong Kong: The Vietnamese Boat People Stranded in Hong Kong"—XINHUA headline]

[Text] Hong Kong, 12 Apr (XINHUA)—The number of Vietnamese boat people arriving in Hong Kong in 1989 had reached 2,060 people by 11 April, or more than twice as many as in the same period last year according to a report by the secretary for security of the Hong Kong Government. Thus, the total number of Vietnamese refugees and boat people stranded in Hong Kong had increased to 27,222 people. The issue of Vietnamese boat people once again evoked serious concerns among people in various Hong Kong circles.

Now, various remand centers in Hong Kong are full. The Hong Kong Government could do nothing but reopen an old military camp—designated as the site for a new university—in Sai Kung to house about 2,000 Vietnamese boat people.

The large number of Vietnamese refugees and boat people stranded in Hong Kong has brought a heavy burden to and produced a great social pressure on Hong Kong. This is an unstable factor in Hong Kong society that must not be neglected.

In the late 1970's, Hong Kong became one of the "primary collecting harbors." After that, large numbers of Vietnamese people braved the waves of rough seas and arrived in Hong Kong group after group. However, most Vietnamese people arriving in Hong Kong are not political refugees, as defined by the UN Refugee Convention as "people who are probably persecuted for racial, religious, and nationality reasons or due to their specific social class backgrounds or their political opinions." Most of them just take Hong Kong as a springboard for a better livelihood in the West.

Even if they are real refugees, they will still have to be stranded in Hong Kong for a long time, because of the very limited quotas for receiving refugees in various countries. This led to a sharp increase in the number of refugees stranded in Hong Kong to nearly 15,000 people.

According to statistics, from 1978 to 1988, the Hong Kong Government spent over 1.03 billion Hong Kong dollars on housing and feeding the Vietnamese boat people. This expenditure has added a heavy burden to the Hong Kong residents. Moreover, the burdens will far exceed this and will become heavier as long as the problem of boat people is not thoroughly solved.

The Hong Kong Government spent 584 million Hong Kong dollars on housing and feeding the Vietnamese boat people in the 1988-89 fiscal year and this amount was more than 4 times the amount in the previous fiscal year. If the annual expenditure on this item is 400 million Hong Kong dollars, then by 1997, the total expenditure will reach 3.2 billion Hong Kong dollars. This huge amount can be used to finance more institutions of higher learning so as to promote the development of education, science, and technology.

The Vietnamese boat people have also produced major social pressure on Hong Kong, especially regarding social order. Some Vietnamese boat people created disturbances, committed thefts, and had fights. In particular, the local residents near the remand centers now have a grudge against the Vietnamese boat people and this has become a new social problem that affects Hong Kong's stability and prosperity. According to relevant sources, the crime rate among the Vietnamese boat people was as high as 7 percent against 1 percent among the residents in Hong Kong.

The Hong Kong Government began to carry out the screening policy last June in order to check the unceasing tide of boat people from Vietnam. Boat people who are found not to be refugees through the screening procedures will be confined in the remand centers before they are eventually repatriated to Vietnam. However, there are many difficulties to fulfill the screening procedures. Due to Vietnam's attitude, repatriation has made little progress. From the beginning of the screening procedures to early March, only one batch of 75 nonrefugees were repatriated to Vietnam and it took 9 months to accomplish this. If things go on at such a slow speed, it will take a very long time to repatriate all boat people. As 1997 is drawing near, if the refugee problem is not solved, it will certainly become a heavy burden for the future Hong Kong Special Administrative Region government.

Not long ago, the spokesman for the Chinese Foreign Ministry reiterated the Chinese Government's position on the issue of Vietnamese boat people stranded in Hong Kong. That is, the British Government is responsible for taking effective measures to solve this issue before 1997. If this problem is not properly solved in good time, it will inevitably affect the smooth takeover in 1997 and will add uncalled-for burdens to the future government in the Hong Kong Special Administrative Region.

In addition, the spokesman for the foreign ministry also said: "According to the relevant stipulations of the Sino-British Joint Declaration, the Vietnamese refugees and boat people as well as their children born in Hong Kong cannot enjoy the right of abode in Hong Kong."

Recently, at the international conference on screening Indochinese refugees sponsored by the UN refugee organization, the representatives of various countries and regions reached an extensive consensus of opinion on offering temporary shelters to the refugees and on

screening refugees. They hoped that measures would be adopted to speed up the screening procedures and boat people who could not be resettled in a third country would be repatriated as quickly as possible.

At present, many people in Hong Kong, including the members of the Executive and Legislative Councils and some senior government officials, are looking forward to the adoption of a further measure or the policy for "definite repatriation" of the boat people, as all European and American countries repatriate all illegal immigrants indiscriminately.

However, the thorough settlement of the Vietnamese refugee problem will still depend on the sincerity of the Vietnamese authorities. Not long ago, Vu Khoan, the assistant to the Minister of Foreign Affairs of Vietnam, indicated that his government is willing to cooperate with other countries in finding a solution to this issue at an international conference on the refugee problem in Kuala Lumpur. However, Vietnam still insisted that it will only receive people who voluntarily return home.

Geoffrey Barnes, the secretary for security of the Hong Kong Government, told the press that he had discussed with Vu Khoan the repatriation of the second batch of Vietnamese boat people. Barnes said that Vu Khoan also hoped that this time, the repatriation action would be carried out as soon as possible and agreed that a larger number of boat people should be repatriated this time.

The international community will wait and see whether the Vietnamese authorities really are sincere or not.

### Macao

#### **Guangdong Governor's Visit Slated for 27 Apr** *HK1704101089 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1328 GMT 13 Apr 89*

[*"Ye Xuanping Visits Macao Toward the End of This Month"—ZHONGGUO TONGXUN SHE headline*]

[Text] Macao, 13 Apr (ZHONGGUO TONGXUN SHE)—The Governor of Guangdong Province Ye Xuanping has set the 27th through the 30th of this month as the dates for a 4-day visit to Macao.

This was revealed today at a press conference held by the governor of Macao, Carlos Melancia, at his official residence.

Last year Mr Melancia made a visit to Guangdong in response to the invitation extended by Ye Xuanping. Ye's forthcoming visit is Macao's governor's return invitation.

The governor of Macao today stressed strengthening economic cooperation with Guangdong, in particular with the Zhujiang delta. He says, the development of the Zhujiang delta is very important to Macao. All efforts must be made to develop economic cooperation between the two areas.

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